



A Tradition of Stewardship  
A Commitment to Service

Agenda Date: 5/16/2017

Agenda Placement: 6G

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors

**FROM:** Shelli Brobst for Howard Himes - Director  
Health & Human Services Operations

**REPORT BY:** JoAnn Melgar, Staff Services Analyst II - 707-253-4722

**SUBJECT:** Agreements related to Intergovernmental Transfer FY 2014-2015, FY 2015-2016 and 2016-2017

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### **RECOMMENDATION**

Director of Health and Human Services requests approval of and authorization for the Chair to sign the following:

1. Intergovernmental Agreement Regarding the Transfer of Public Funds with the California Department of Health Care Services (DHCS) for the term July 1, 2015 through June 30, 2016 for the transfer of \$1,621,912 and for the term July 1, 2016 through June 30, 2017 for the transfer of \$1,738,850 to DHCS to be used solely as a portion of the nonfederal share of actuarially sound Medi-Cal managed care capitation rate increases for Partnership HealthPlan of California;
2. Intergovernmental Transfer Assessment Fee Agreement with the California Department of Health Care Services to assess a 20 percent assessment fee to reimburse DHCS for administrative costs associated with the operation of the Intergovernmental Transfer program;
3. Amendment No. 5 to an agreement (formerly Agreement No. 7655) with Partnership HealthPlan of California (PHC) for the term April 12, 2017 through September 30, 2019, for payment of Medi-Cal managed care capitation rate increases by PHC to Napa County to enable the County to provide health care services for Napa County residents; and
4. Memorandum of Understanding for the use of Plan Year 2014-15 IGT Funds with Partnership HealthPlan of California (PHC) for a total net amount of approximately \$1.34 million covering a 12-month period beginning on the date the payment is issued to County by PHC to be used for health care services for Napa County residents.

### **EXECUTIVE SUMMARY**

The Intergovernmental Transfer (IGT) process is a funding strategy under Section 1903(w)(a) of the Social Security Act that local governments use to increase federal matching dollars for Medicaid programs. Napa County has participated in the IGT process since 2013.

The amount of IGT revenue Napa County receives is based on the calculation of allowable "headroom" calculated by Partnership HealthPlan of California annually for two years in arrears (i.e. FY15-16 "headroom" calculation is for FY17-18 and FY 16-17 calculation is for FY 18-19).

The proposed agreements:

1. Permit the transfer of funds by Napa County to the California Department of Health Care Services (DHCS) for FY 15-16 in the amount of \$1,621,912 and for FY 16-17 in the amount of \$1,738,850 to be used as local matching funds to obtain an equivalent amount of federal Medicaid funding;
2. Approve a 20 percent administrative fee to reimburse DHCS for the costs of operating the State Intergovernmental Transfer (IGT) program;
3. Amend Napa County's agreement with Partnership HealthPlan of California (PHC) to permit PHC to pass through the additional federal Medicaid funding to Napa County to enable the County to provide health care services to Napa County residents; and
4. Outline the terms through a Memorandum of Understanding with Partnership HealthPlan of California under which federal Medicaid revenues acquired through the IGT process will be expended on health care services for Napa County residents.

#### **FISCAL IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	HHSA - HEALTH CARE ENHANCEMENT
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	This action is discretionary in that there is no mandate to participate in the Intergovernmental Transfer (IGT) process nor to accept additional federal Medicaid funds made available through the IGT process. However, approval of this action will provide approximately \$4,400,000 for additional health care programs and activities benefitting Napa County residents over a three year period.
Is the general fund affected?	No
Future fiscal impact:	The IGT process is expected to be available for use by counties to obtain additional federal Medicaid funding in future years.
Consequences if not approved:	If these actions are not approved, Napa County will lose the opportunity to obtain additional federal Medicaid funding of approximately \$4,400,000.
Additional Information:	

#### **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

**BACKGROUND AND DISCUSSION****Intergovernmental Transfer (IGT) Agreement**

The IGT process is a funding strategy under Section 1903(w)(a) of the Social Security Act that states and/or local governments use to increase federal matching dollars for Medicaid programs. Federal Medicaid matching rates range from 50 to 77 percent nationally. California currently receives a 50 percent match for services provided through Medi-Cal, the California Medicaid program.

Currently, the State claims federal funds for use in the Medi-Cal system at a level that is less than the maximum allowable federal funding level. The difference between the maximum allowable federal funding level and the actual amount drawn down by the State is referred to as “headroom.” This “headroom” of unused federal reimbursement is available to be drawn down by counties and other public entities through an IGT. Partnership HealthPlan of California (PHC), the County Organized Health System that provides managed health care services for low-income individuals and families eligible for Medi-Cal, permits Napa County to participate in the IGT process to increase federal Medicaid funding available to Napa County.

This proposed agreement approves an Intergovernmental Transfer of \$1,621,912 for the period of July 1, 2015 through June 30, 2016 and \$1,738,850 for the period of July 1, 2016 through June 30, 2017 to the California Department of Health Care Services (DHCS) to be used as matching funds to obtain additional federal Medicaid funding. The matching funds will be returned to Napa County along with an equivalent amount of new federal Medicaid revenue.

The additional Medicaid funds must be used for the provision of health care services to Napa County residents. Napa County Health and Human Services Agency (HHSA) will use the additional federal Medicaid funds to improve access to services, address service gaps or shortfalls by enhancing, expanding or otherwise supporting health-related services that are not already funded under the Medi-Cal system.

The specific uses to which the IGT proceeds may be put are subject to the requirements of the federal funder and the State as fiscal intermediary, and to programmatic guidelines established by PHC, which also functions as a fiscal intermediary. HHSA conducted a thorough program-based planning process to determine the most effective uses of the IGT funds and approved continued funding for fourteen IGT projects, all of which are as follows:

1. Continue assignment of HHSA mental health staff to a community-based early detection and intervention program for mental illness in young adults to link individuals not accepted into the program into mental health and/or other health and human services;
2. Continue partial restoration of capacity in HHSA’s outpatient addiction treatment program in the wake of reductions occurring during the recession;
3. Continue evidence-based “Parent-Child Interactive Therapy” training for parents, foster parents and child care givers;
4. Continue enhancement of the behavioral health services provided to children of high-risk families participating in HHSA’s Therapeutic Child and Family Center;
5. Continue promotion of partnerships between HHSA’s Public Health programs and local community organizations to increase funding to those organizations;
6. Continue funding for Community Health Clinic Ole to expand and enhance the coordination of care at the County Campus Clinic;
7. Continue pilot of a multidisciplinary care access unit at HHSA to provide assessment, navigation and referral services to HHSA clients who will benefit from an integrated approach to the coordination of multiple services; and
8. Continue funding for the initiative extending the Medi-Cal Administrative Activities (MAA) program to local community-based organizations (CBO’s) to allow these CBO’s to receive additional federal revenue.

9. Continue the assignment of a half time counselor to the Napa County Sheriff's Office to engage clients with mental health and alcohol and other drug services needs;
10. Provide additional support for the current agreement with Aldea, Inc. for Early Intervention Mental Health Services (EDAPT model);
11. Fund the outcomes study and shared measurement system development for Live Health Napa County;
12. Provide Infant-Parent Mental Health services within the Maternal, Child and Adolescent Health (MCAH) Home-Visiting Program;
13. Fund training, coaching and monitoring services to improve model adherence and effectiveness of Dialectical Behavior Therapy (DBT) used in mental health group settings; and
14. Continue providing co-occurring treatment to individuals diagnosed with both mental health and substance use disorder in a residential setting.

#### IGT Assessment Fee Agreement

Under California Welfare and Institutions Code section 14301.4, DHCS has authority to assess a 20 percent fee on the non-federal share of Medicaid IGT's to reimburse DHCS for administrative costs of operating the state IGT program. Public entities engaging in the Medicaid IGT process are required to pay this fee to DHCS. This proposed agreement allows DHCS to assess the 20 percent administrative fee related to Napa County's participation in the Medicaid IGT process.

#### Amendment to Health Plan Provider Agreement

PHC currently provides managed care services for approximately 530,000 Medi-Cal beneficiaries in 14 counties. Approximately 27,000 Napa County residents receive managed health care services for primary health care through PHC.

Under Agreement No. 7655, HHSA is responsible for determining client eligibility, entering information into the Medi-Cal Eligibility Data System (MEDS), sending MEDS information to PHC, and providing substance abuse services to Medi-Cal beneficiaries referred to the County by PHC. PHC's responsibilities include: (1) negotiating Medi-Cal rates and determining reimbursement rates for doctors and hospitals; (2) establishing a medical provider network to provide preventive health care and serve as a medical "home" for the Medi-Cal population; and (3) care coordination, authorization and payment of Medi-Cal health benefits.

This proposed amendment allows PHC to pass through the Medi-Cal managed care capitation rate increases it receives through the IGT process to Napa County, less a managed care plan tax and PHC administrative fees. Napa County will use the funds to provide health care services to Napa County residents.

#### Memorandum of Understanding (MOU) with Partnership HealthPlan of California (PHC)

The amended PHC agreement (number 7655) requires HHSA to enter into a MOU that governs the use of the proceeds of the IGT. Under the terms of the MOU, any IGT funds unexpended at the end of the term of the MOU are to be held in a reserve and must be expended in accordance with the requirements of the funders and the MOU.

#### **SUPPORTING DOCUMENTS**

None

CEO Recommendation: Approve

Reviewed By: Bret Prebula