

Setting the Standard in Health Care Excellence

July 23, 2024

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT:

Approval of an Intergovernmental Agreement Regarding Transfer of Public Funds with the Department of Health Care Services, Including any Non-Material Change Approved by County Counsel; Approval of a Health Plan- Provider Rate Range IGT Agreement for the Period of January 1, 2023 Through December 31, 2023 with the Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan, Including any Non-Material Change Approved by County Counsel.

RECOMMENDATIONS:

1. That your Board approve, and authorize the Health Care Agency (HCA) Director or designee to sign, an Intergovernmental Agreement Regarding Transfer of Public Funds similar in form to the attached template (Exhibit 1) between the Department of Health Care Services (DHCS) and the County of Ventura (County), including any non-material changes that may be required by DHCS or the Centers for Medicare and Medicaid Services (CMS), subject to approval by County Counsel.
2. That your Board approve, and authorize the HCA Director or designee to sign, the Health Plan-Provider Rate Range IGT Agreement for the period of January 1, 2023 through December 31, 2023 (Exhibit 2) between the County and the Ventura County Medi-Cal Managed Care Commission dba Gold Coast Health Plan (GCHP), including any non-material change, subject to approval by County Counsel.

FISCAL IMPACT:

Mandatory:	No
Source of Funding:	Federal match
VCMS Funding Required (IGT):	\$15,202,332
Impact on Other Departments:	None

Summary of Annual Revenues and Costs Under these Agreements

	<u>FY 2024-25</u>	<u>FY 2025-26</u>
REVENUE:	\$0	\$0
DIRECT COSTS:	\$ 0	\$ 0
INDIRECT COSTS:	minor	minor
Net Revenue <cost>	\$0	\$0

The favorable Net Revenue impact of the annual voluntary rate range program is included in VCMS annual budgets. Receivables were accrued in FY2022-23 and FY2023-2024.

CURRENT FISCAL YEAR BUDGET:

Current FY 2024-25 Budget Projections for Ventura County Medical System #3300				
	Adopted Budget	Adjusted Budget	Projected Actual	Estimated Savings/(Deficit)
Expenditures	\$720,985,484	\$720,985,484	\$720,985,484	\$0
Revenue	\$721,404,225	\$721,404,225	\$721,404,225	\$0
Operational Income/(Loss)	\$418,741	\$418,741	\$418,741	\$0

Sufficient revenue and appropriations are included in the FY 24-25 adopted budget. The operational income includes "Operating Transfers In" that are primarily attributed to County contribution.

DISCUSSION:

With your Board's approval, and upon execution of the proposed IGT agreement, the County will send funds to the State of California, which will be used by the State as matching funds to access additional federal dollars for services provided by the Ventura County Medical Center (VCMC) medical system to GCHP enrollees.

The Medi-Cal program operates under a match of funds by which the State or local governments fund up to 50% of the program and the federal government provides a match. Under the IGT program, the County transfers to DHCS up to 50% of the fees generated by the rate increase for GCHP, which rates are based upon an actuarial analysis of services, costs and reimbursement. Funds provided by the County will be returned by the State through the Ventura County Medi-Cal Managed Care Commission, operator of GCHP, along with the federal match less fees assessed by the State.

The first part of the process involves the IGT agreement. As of the date of this letter, HCA has not received the proposed agreement from DHCS. We are requesting authority from your Board to sign an agreement similar in form to the attached template (Exhibit 1), which contains the same standard terms included in prior years' IGT agreements. This document is required by CMS for all IGTs. Upon approval by your Board, signed copies of the final agreement will be submitted to DHCS and forwarded to CMS. We are requesting that your Board authorize the HCA Director or designee to sign the final agreement, including any non-material changes that may be required by DHCS or CMS, subject to approval by County Counsel.

Intergovernmental Agreement Regarding Transfer of Public Funds

This proposed agreement is between DHCS and the County of Ventura. The Ventura County Medi-Cal Managed Care Commission is a party to a Medi-Cal managed care contract with DHCS, wherein GCHP arranges and pays for the provision of covered Medi-Cal health care services to eligible Medi-Cal members residing in Ventura County. The County shall transfer funds to DHCS pursuant to section 14164 of the Welfare and Institutions Code in an estimated amount of \$15,202,332 for the period January 1, 2023 through December 31, 2023, to be used solely as a portion of the nonfederal share of the increases in the capitation rates within the actuarially sound Medi-Cal managed care rate range payable to GCHP. The County shall certify that the funds transferred qualify for federal participation.

Under the proposed agreement DHCS shall, upon acceptance of the nonfederal share IGT, exercise its authority under section 14301.4 of the Welfare and Institutions Code to assess an assessment fee on the amount of the nonfederal share IGT to reimburse DHCS for the administrative costs of operating the IGT program and for support of the Medi-Cal program. This fee is estimated at \$1,096,360.

Health Plan/Provider Agreement

Upon the Ventura County Medi-Cal Managed Care Commission's receipt of any Medi-Cal managed care capitation rate increases from DHCS, where the nonfederal share is funded by the County through the IGT agreement, effective January 1, 2023 through December 31, 2023, GCHP shall pay to the County the amount GCHP receives from DHCS minus a reduction of 0.50 % to compensate GCHP for costs and expenses related to the administration of such payment. This reduction is estimated at \$225,480.

Fiscal Summary

The gross rate range revenue for calendar year 2023 is expected to be approximately \$43,774,212, net of the DHCS assessment fee and GCHP administrative fee. The total funding required to execute the IGT agreement for the period January 1, 2023 through December 31, 2023 is estimated to be \$15,202,332. Upon repayment of these IGT funds,

the payment of the DHCS assessment fee (estimated at \$1,096,360), and the administrative expense reduction from GCHP (estimated at \$225,480), the County will receive a net revenue increase of \$28,571,880 for the period January 1, 2023 through December 31, 2023.

This letter has been reviewed by the County Executive Office, County Counsel, and Auditor-Controller's Office. If you have any questions regarding these recommendations, please contact Michael Taylor, HCA Chief Financial Officer, at 677-5110.



Theresa Cho, MD, MHA
Health Care Agency Director

Exhibit 1 - Intergovernmental Agreement Regarding Transfer of Public Funds CY 2023 Period

Exhibit 2- Health Plan-Provider Rate Range IGT Agreement CY 2023 Period