

November 10, 2020

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

**Subject:** Authorization for the Auditor-Controller to Process the Necessary Accounting Transactions to Unit 3141 to Cover the Unanticipated Increase in County Share of Costs of Diagnosis and Treatment for the California Children's Services Optional Targeted Low-Income Children's Program. (Requires 4/5ths Vote)

**Recommendations:**

It is recommended that your Board:

1. Authorize the Auditor-Controller to process the necessary accounting transactions as follows for FY 2020-2021 (requires 4/5ths vote):

HCA-Public Health California Children's Services (Unit 3141)

DECREASE Fund G001	Assigned Fund Balance-Program Mitigation	\$ 695,000
INCREASE 3140-3141	Services and Supplies	\$ 695,000

**Fiscal/Mandates Impact:**

**Mandatory:** Yes, Health and Safety Code, Section 123800 et seq.

**Source of Funding:** California Department of Health Care Services, Federal Financial Participation, County General Fund

**Funding Match Required:** Yes, 11.75% Net County Cost

**Impact on Other Departments:** None

Summary of Revenues and Costs:	<u>FY 2020-21</u>	<u>FY 2021-22</u>
Revenue:	\$ -0-	\$ -0-
Costs:		
Direct	\$ 695,000	\$ 1,721,000
Indirect-Dept.	\$ -0-	\$ -0-
Indirect-County CAP	\$ -0-	\$ -0-
Net Costs	\$ 695,000	\$ 1,721,000

**FY 2020-21 Budget Projections:**

<b>FY 2020-2021 Budget Projection for Unit 3141-HCA California Children's Services</b>				
	Adopted Budget	Adjusted Budget	Projected Budget	Estimated Savings (Deficit)
Appropriations	\$ 9,491,006	\$ 9,491,006	\$ 9,491,006	\$ 0
Revenue	\$ 7,386,222	\$ 7,386,222	\$ 7,386,222	\$ 0
Net Cost	\$ 2,104,784	\$ 2,104,784	\$ 2,104,784	\$ 0

**Discussion:**

Ventura County Public Health's California Children's Services (CCS) provides diagnostic and treatment services, medical case management, and physical and occupational therapy services to children under the age of 21. CCS also provides Medical Therapy Program (MTP) services that are delivered on public school campuses. Collectively, these programs provide necessary medical services to approximately 4,155 children with life-long, chronic, disabling, and complex medical conditions who are residing in Ventura County. Of the 4,155 children served by the Ventura County CCS program, 665 (14%) currently qualify for Medi-Cal's Optional Targeted Low-Income Children's Program (OTLICP).

The 2012 Budget Act (Assembly Bill [AB] 1464, Chapter 21, Statutes of 2012) provided for the elimination of the Healthy Families Program (HFP). Assembly Bill (AB) 1494, Chapter 28, Statutes of 2012 provided for the transition of HFP subscribers to the Medi-Cal Program beginning January 1, 2013, over four phases within the year. As part of the

implementation of the federal Affordable Care Act (ACA) of 2010, in June 2013, criteria for Medi-Cal eligibility was expanded through the introduction of a new methodology, Modified Adjusted Gross Income (MAGI), for determining Medicaid income eligibility. Children who had been enrolled in the HFP transitioned into Medi-Cal's OTLICP, which covers beneficiaries with incomes up to, and including, 250% of the Federal Poverty Level (FPL). The expanded financial eligibility criteria resulted in an increase in enrollment to the OTLICP.

In accordance with Health and Safety Code section 123940, counties are required to annually appropriate a sum of money for its share of CCS diagnostic, treatment, and contracted therapy; OTLICP, dental; and the MTP. Effective, October 1, 2019 the revised Children's Health Insurance Program (CHIP) Enhanced Federal Medical Assistance Program (eFMAP) for California, which funds CCS/OTLICP, was reduced from 88 percent to 76.5 percent. This resulted in an increase in both the state's and the county's share of cost for CCS diagnosis and treatment services from 6% to 11.75%, each.

While the increase in the county share was anticipated, the county has also experienced an unanticipated increase in the cost of treatment services. This is a result of an increasing number of clients with more medically complex cases who are no longer eligible for full-scope Medi-Cal but instead are eligible for OTLICP. In addition, new more costly medications for which there are not yet generic versions available on the market are being approved by the state, further increasing the county's share of cost. The program costs have increased from \$5.5 million in FY 2017-18, with a county cost of \$330,000, to a projected total program cost for FY 2020-21 of \$14.4 million, with a county share of cost of approximately \$1.7 million. The following chart illustrates the upward trend for this mandated program over the past few years.

ANNUAL COST TREND FOR OTLICP			
Fiscal Year	Avg. Mo. Caseload	Total Cost	County Share
2017-18	723	\$5,499,233	\$329,954
2018-19	688	\$6,958,707	\$417,522
2019-20	688	\$11,610,875	\$1,364,278
2020-21*	665	\$14,418,000	\$1,694,115

\*Projected

Most likely future program costs will experience typical fluctuations primarily associated with caseload and case complexity. It is expected that the program costs in future years will not increase to the degree they have in the past few years, which is directly related to increased county share cost and rising pharmaceutical expenses. Additional appropriations in the amount of \$695,000 are needed for this budget unit to support the program through the end of the current fiscal year.

#### **Strategic Plan:**

Increasing the county's appropriation to the CCS program aligns with Focus Area 4, Community Well-Being in Ventura County's Strategic Plan, Goals 1, 2, and 3 in that it ensures the continued provision of quality healthcare in a patient-centered, integrated, equitable and efficient manner, improving the health of Ventura County's most vulnerable pediatric population.

**Health in All Policies:**

The California Children's Services program serves as an "agent of Medi-Cal" for Medi-Cal beneficiaries with a medically eligible CCS condition(s), as mandated by the Welfare and Institutions Code and the California Code of Regulations (Title 22, Section 51013). The explicit legislative intent of the CCS program is to provide medically necessary services for children birth to age 21 with a medically eligible CCS condition whose parents are unable to pay for treatment services wholly or in part.

This letter has been reviewed by County Counsel, the Auditor-Controller's Office, and County Executive Office.

If you have any questions regarding this item, please call Rigoberto Vargas at (805) 981-5101.



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