

STAFF REPORT

BOARD MEETING DATE: October 17, 2023

CATEGORY: Consent Calendar 5

SUBJECT: Approve a retroactive agreement with the California Department of Health Care Services (DHCS) for intergovernmental transfer of County's non-federal share of its anticipated spending on Medi-Cal Specialty Mental Health Services claims to DHCS.

DEPARTMENT: Health and Human Services Agency-Administration

SUPERVISORIAL DISTRICT #: All

DEPARTMENT CONTACT: Terri Honer, Interim HHSA Branch Director-Administration 530-245-6003

STAFF REPORT APPROVED BY: Laura Burch, HHSA Director

<u>Vote Required?</u>	<u>General Fund Impact?</u>
Simple Majority Vote	No Additional General Fund Impact

RECOMMENDATION

Approve a retroactive agreement, effective July 1, 2023, through December 31, 2026, with California Department of Health Care Services (DHCS) for intergovernmental transfer (IGT) of County's non-federal share of its anticipated spending on Medi-Cal Specialty Mental Health Services claims to DHCS. An estimated average monthly draw down of federal funds in the amount of \$1,158,993.17, during the term of this agreement is expected.

DISCUSSION

Under CalAIM's Payment Reform, DHCS has implemented the IGT-based payment methodology. The IGT will replace the existing certified public expenditure-based reimbursement methodology for Medi-Cal Specialty Mental Health Services (SMHS) and for costs incurred by counties to administer those benefits. An IGT is a transfer of funds from a public agency to Medicaid Single State Agency (SSA). The SSA may expend the funds as the non-federal share in claiming Federal Financial Participation (FFP) for Medicaid payments. The funds transferred to the state as a source of non-federal share must be eligible to draw down federal funds in accordance with federal requirements as Subpart B of Title 42 CFR Part 433.

The proposed agreement permits DHCS to instruct the State Controller's Office (SCO) to withhold a fixed percentage monthly. An estimated \$900,043.64 monthly average from Shasta County's Mental Health Realignment and Mental Health Services Act (MHSA) funds will be transferred into a County Fund Account (CFA). The funds being withheld will be used as the local non-federal share in claiming FFP to draw down an estimated monthly average of \$1,158,993.17 in Medicaid payments. To address concerns of cash flow, the state has allocated \$1,463,075 one-time in State General Funds to pre-fund the IGT account for Shasta County. These funds will be used as the non-federal share for direct service payments until the funds have been fully liquidated. Once the funds have been liquidated for the delivery system, county funds will be used as the non-federal match.

This agreement is being processed retroactively because the agreement was not received from the State until July 31, 2023.

ALTERNATIVES

The Board could choose not to approve the agreement, which will prevent the County from receiving FFP for Medicaid revenue for Specialty Mental Health Services.

OTHER AGENCY INVOLVEMENT

County Counsel has approved the agreement as to form. Risk Management has approved the agreement. The Recommendation has been reviewed by the County Administrative Office.

FISCAL IMPACT

Non-Federal funds must be used in an IGT financial transaction in accordance with 42 CFR 433.51. HHSA will use 1991 and 2011 Realignment and MHSA funds. Upon receiving the net proceeds from DHCS, the original amounts transferred out of Mental Health and MHSA will be returned to the originating cost center and/or fund. Shasta County will receive an allocation of \$1,463,075 from DHCS to pre-fund the county IGT account. The allocation is not a loan and is intended to support the county during the financial transition from Certified Public Expenditures to IGTs due to CalAIM's Payment Reform. After the funds from the allocation have been liquidated, County funds will be used as the non-federal match.

ATTACHMENTS:

1: Intergovernmental Agreement