

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

August 5, 2025

FROM

ANDREW GOLDFRACH, ARMC Chief Executive Officer, Arrowhead Regional Medical Center

SUBJECT

Agreement and Amendments to Provider Contracts for Intergovernmental Transfers

RECOMMENDATION(S)

1. Approve the following amendments to agreements that provide reimbursements for medical services provided to certain Medi-Cal and Medicare member patients , including non-standard terms, to receive supplemental payments for Medi-Cal managed care capitation rate increases during the State-established claim period of January 1, 2024, through December 31, 2024:
 - a. **Amendment No. 6 to Agreement No. 19-837** with Molina HealthCare of California.
 - b. **Amendment No. 15 to Agreement No. 20-887** with Inland Empire Health Plan.
2. Approve **Agreement No. 25-578** with Kaiser Foundation Health Plan, Inc., including non-standard terms, to receive supplemental payments for Medi-Cal managed care capitation rate increases, effective five years from the date of full execution.
3. Direct the Clerk of the Board of Supervisors to maintain confidentiality of the Amendments and Agreement pursuant to Health and Safety Code Section 1457(c)(1).
(Presenter: Andrew Goldfrach, ARMC Chief Executive Officer, 580-6150)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

Provide for the Safety, Health and Social Service Needs of County Residents.

Pursue County Goals and Objectives by Working with Other Agencies and Stakeholders.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). Under the terms of the proposed amendments and agreement, Arrowhead Regional Medical Center (ARMC) will be eligible to receive supplemental payments as the result of Medi-Cal managed care capitation rate increases paid to Molina Healthcare of California (Molina), Inland Empire Health Plan (IEHP), and Kaiser Foundation Health Plan, Inc. (Kaiser) as managed care providers for the claim period of January 1, 2024, through December 31, 2024. Adequate appropriation and revenue have been included in the ARMC 2025-26 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

Amendment No. 6 to Agreement No. 19-837 and Amendment No. 15 to Agreement No. 20-887 with Molina and IEHP, respectively, and the agreement with Kaiser will allow ARMC to continue participation in the IGT program and receive funding for Medi-Cal managed care patients

**Agreement and Amendments to Provider Contracts for
Intergovernmental Transfers
August 5, 2025**

enrolled with IEHP, Molina, and Kaiser. The California Department of Healthcare Services (DHCS) Intergovernmental Transfer (IGT) program for Medi-Cal managed care permits counties or other government-run providers to contribute eligible non-federal funds to DHCS, which then uses the funds to draw federal matching dollars and increase managed care capitation rates to pay providers. Due to the time necessary for negotiations with representatives from California public hospitals regarding rate increases, DHCS submits IGT agreements and payments retroactively. DHCS adjusts the reimbursement rate to the renegotiated rate for patients seen within the designated claim period.

IEHP, Molina, and Kaiser are health plans that provide services to residents of Riverside and San Bernardino counties that are enrolled in their Medi-Cal managed care programs. ARMC contracts with IEHP, Kaiser, and Molina to provide healthcare services to their members and is reimbursed for eligible Medi-Cal and Medicare patient charges through their respective managed care agreements.

ARMC participates in the IGT program through the DHCS for payments related to Medi-Cal beneficiaries in order to receive federal matching funds. To participate in the program, DHCS requires that 1) an IGT agreement regarding the transfer of public funds is in place with the County for each plan providing contracted managed care services, and 2) the agreements between the County and each plan identify the conditions of participation in the IGT program.

The amendments and agreement with the managed care plans set forth the terms and conditions under which the plans are to provide Medi-Cal managed care capitation rate increases to ARMC.

The amendments are based on templates previously provided by the State to utilize for such transactions, and contain a non-standard contract term, as follows:

1. The County is required to indemnify Molina and IEHP from any claims that occur due to any miscalculation by the State relating to the amounts payable to the County and any obligation to refund or reimburse the State for any payments for any reason under the program.
 - The County's standard contract does not require the County to indemnify vendors for any reasons.
 - Potential Impact: By agreeing to indemnify IEHP and Molina, the County could be contractually waiving the protection of sovereign immunity. Claims that may otherwise be barred against the County, time limited, or expense limited could be brought against the health plans without such limitations and the County would be responsible to defend and reimburse the plans for costs, expenses, and damages, which could exceed the total agreement amount.

The agreement with Kaiser was negotiated by the parties and deviates from the standard County contract terms as follows:

1. The County is required to indemnify Kaiser for claims arising out of the performance of the agreement, but only in proportion to the extent liability is caused by or result from the negligent or intentional acts or omissions of the County, its officers, employees, or agents.
 - The County's standard contract does not require the County to indemnify vendors for any reasons.

**Agreement and Amendments to Provider Contracts for
Intergovernmental Transfers
August 5, 2025**

- Potential Impact: By agreeing to indemnify Kaiser, the County could be contractually waiving the protection of sovereign immunity. Claims that may otherwise be barred against the County, time limited, or expense limited could be brought against Kaiser without such limitations and the County would be responsible to defend and reimburse Kaiser for costs, expenses, and damages, which could exceed the total contract amount.
2. Kaiser limits its indemnity obligations only to claims arising out of the performance of the agreement, but only in proportion to the extent liability is caused by or result from the negligent or intentional acts or omissions of Kaiser, its officers, employees, or agents.
 - The County's standard contract general indemnity provision requires the contractor to indemnify, defend, and hold County harmless from third party claims arising out of the acts, errors or omissions of any person.
 - Potential Impact: Kaiser's indemnity obligation is more limited compared to the standard County general indemnity obligation. In the event a claim arises that falls outside the scope of Kaiser's limited indemnity obligation, the County could be financially responsible for the defense of the claim and any resulting judgment/settlement.
 3. The agreement does not require Kaiser to meet the County's insurance standards as required pursuant to County Policies, 11-05, 11-07 and 11-07SP.
 - County policy requires contractors to carry appropriate insurance at limits and under conditions determined by the County's Risk Management Department and as set forth in County policy and in the County standard contract.
 - Potential Impact: The County has no assurance that Kaiser will be financially responsible for claims that may arise under the agreement, which could result in expenses to the County that exceed the total agreement amount.

ARMC recommends approval of the amendments and agreement, including non-standard terms, as it will allow ARMC to operate in a fiscally-responsible and business-like manner by working with DHCS to obtain increased reimbursements for the healthcare services it renders to certain county residents who are members of IEHP, Molina, and Kaiser's Medi-Cal managed care plans.

On December 17, 2019 (Item No. 5), the Board of Supervisors (Board) approved Agreement No. 19-837 with Molina to provide reimbursement for medical services rendered to Molina members, effective December 17, 2019, through December 16, 2024. The Board has subsequently approved five amendments with Molina for rate range increases and the extension of the term of the agreement. The term of this current agreement is from December 17, 2019 through December 31, 2026.

On September 15, 2020 (Item No. 15), the Board approved Agreement No. 20-887 with IEHP to provide reimbursement for medical services rendered to IEHP members, for the period of October 1, 2020, through September 30, 2023. The Board has since approved 14 amendments to Agreement No. 20-887 to allow ARMC to receive supplemental payments for Medi-Cal managed care capitation rate range increases during State-established claim periods, update program eligibility, amend compensation and reimbursement rates, and extend the term of the agreement. The term of this agreement is from October 1, 2020 through December 31, 2026.

**Agreement and Amendments to Provider Contracts for
Intergovernmental Transfers
August 5, 2025**

Pursuant to Health and Safety Code Section 1457(c)(1), records that reflect specific terms related to the rates of payment for health care services are not immediately subject to laws related to public records; therefore, the Clerk of the Board is directed to maintain confidentiality of the amendments and agreement.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Supervising Deputy County Counsel, 387-5455) on July 24, 2025; Risk Management (Greg Ustaszewski, Staff Analyst, 386-9008) on July 10, 2025; ARMC Finance (Chen Wu, Budget and Finance Officer, 580-3165) on July 14, 2025; and County Finance and Administration (Jenny Yang, Administrative Analyst, 387-4884) on July 17, 2025.

**Agreement and Amendments to Provider Contracts for
Intergovernmental Transfers
August 5, 2025**


Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr. Seconded: Curt Hagman

Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: August 5, 2025



cc: ARMC - Goldfrach w/agrees
Contractor - c/o ARMC w/agree
File - w/agree (BAI only)
File - Confidential files w/agree

CCM 08/7/2025