

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

October 8, 2024

FROM

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

SUBJECT

Amendments to Provider Contracts with Inland Empire Health Plan and Molina Healthcare of California for Intergovernmental Transfers

RECOMMENDATION(S)

1. Approve the following Amendments, including non-standard terms, to allow Arrowhead Regional Medical Center to receive supplemental payments for Medi-Cal managed care capitation rate increases during the State-established claim period of January 1, 2023, through December 31, 2023:
 - a. **Amendment No. 5 to Agreement No. 19-837** with Molina HealthCare of California
 - b. **Amendment No. 12 to Agreement No. 20-887** with Inland Empire Health Plan
2. Direct the Clerk of the Board of Supervisors to maintain confidentiality of the Amendments 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, 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) and Inland Empire Health Plan (IEHP) as managed care providers for the claim period of January 1, 2023, through December 31, 2023.

The non-federal share for intergovernmental transfers (IGTs) will be remitted from the Health Administration budget unit. Once the funds are received from Molina and IEHP, ARMC will transfer funds equal to the amount remitted into the Health Administration budget unit. Adequate appropriation and revenue have been included in the ARMC and Health Administration 2024-25 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

The Amendments to Agreement Nos. 19-837 and 20-887 (Amendments) will allow ARMC to continue participation in the IGT program and receive funding for Medi-Cal managed care

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patients enrolled with IEHP and Molina. Due to the time necessary for negotiations with representatives from California public hospitals regarding rate increases, the California Department of Health Care Services (State) submits IGT agreements and payments retroactively. The State adjusts the reimbursement rate to the renegotiated rate for patients seen within the designated claim period of the amended Agreements.

IEHP and Molina are managed care plans that provide services to residents of Riverside and San Bernardino counties eligible for the benefits of the Managed Care Medi-Cal program. ARMC contracts with IEHP and Molina to provide healthcare services to their members. ARMC is reimbursed for eligible Medi-Cal and Medicare patient charges through their respective managed care agreements. ARMC participates in the IGT program through the State for payments related to Medi-Cal beneficiaries in order to receive federal matching funds. To participate in the program, the State requires that 1) an intergovernmental 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 intergovernmental program.

The Amendments 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:

The County is required to indemnify the health plans 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 the health plans, 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 contract amount.

ARMC recommends approval of the Amendments, including non-standard term, as it will allow ARMC to operate in a fiscally-responsible and business-like manner by working with the State to obtain reimbursements for the healthcare services it renders to certain County residents who are members of IEHP and Molina.

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 four amendments with Molina for rate range increases and the extension of the term of the Agreement.

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 eleven 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,

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update program eligibility, amend compensation and reimbursement rates, and extend the term of the Agreement.

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 this agreement.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Supervising Deputy County Counsel, 387-5455) on August 28, 2024; Risk Management (Greg Ustaszewski, Staff Analyst, 386-9008) on September 16, 2024; ARMC Finance (Chen Wu, Budget and Finance Officer, 580-3165) on September 16, 2024; Finance (Jenny Yang, Administrative Analyst, 387-4884) on September 20, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on September 23, 2024.

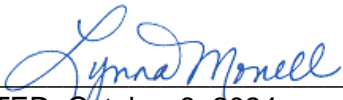
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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: October 8, 2024



cc: ARMC - Goldfrach w/agrees for sign
Contractor - c/o ARMC w/agree
File - w/agree (BAI only)
File - Confidential files w/agree
CCM 10/9/2024