

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

October 6, 2020

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Amendment to Agreement No. 19-837 with Molina HealthCare of California

RECOMMENDATION(S)

Approve **Amendment No. 1** to **Agreement No. 19-837** with Molina HealthCare of California, a California corporation, to allow Arrowhead Regional Medical Center to receive supplemental payments for Medi-Cal managed care capitation rate range increases during the State-established claim period of July 1, 2019 through June 30, 2020, and July 1, 2020 through December 31, 2020; and direct the Clerk of the Board to maintain confidentiality of the Amendment pursuant to Health and Safety Code Section 1457 (c)(1).
(Presenter: William L. Gilbert, Director, 580-6150)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

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

Ensure Development of a Well-Planned, Balanced, and Sustainable County.

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

Pursue County Goals and Objectives by Working with Other Agencies.

FINANCIAL IMPACT

Approval of this Amendment will not result in the use of Discretionary General Funding (Net County Cost). Under the terms of the proposed Amendment, Arrowhead Regional Medical Center (ARMC) will be eligible to receive supplemental payments as a result of Medi-Cal managed care capitation rate range increases paid to Molina Healthcare of California, Inc. (Molina) as managed care providers for the claim period of July 1, 2019 through June 30, 2020, and July 1, 2020 through December 31, 2020.

The non-federal share for intergovernmental transfers (IGTs) will be remitted from the Health Administration budget unit. Once the funds are received by ARMC from Molina, ARMC will deposit funds equal to the amount remitted into the Health Administration budget unit. Sufficient appropriation and revenue are included in the ARMC and Health Administration 2020-21 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

This Amendment will allow ARMC to continue participation in the IGT program and receive funding for Medi-Cal managed care patients enrolled with Molina, including Medi-Cal managed care capitation rate payments. Due to the time necessary for negotiations with representatives from California public hospitals regarding IGTs and increases in payments, the California Department of Health Care Services (State) submits IGT agreements in arrears. The State

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adjusts the reimbursement rate to the renegotiated rate for patients seen within the designated claim period of the amended agreements with Molina. Originally, the State required these agreements to be approved and returned to them in May 2020; however, prior to that date, ARMC was notified that due to COVID-19 the State was delaying processing until September 2020, or later. On August 21, 2020, ARMC received notice the State was requesting these agreements be signed and returned to them no later than October 16, 2020. Failure to meet that deadline will result in a substantial loss of supplemental revenue to ARMC. On September 29, 2020, the Board approved the agreement with the State and amendments to agreements with Inland Empire Health Plan. (Item #15.) At that time, Molina was unable to provide a signed amendment to their agreement (19-837), before the September 29, 2020 meeting of the Board of Supervisors. The agreement with the State is effective July 1, 2019 through June 30, 2023, which allows the State the time necessary to process all claims for patients seen through the claim period of July 1, 2019 through June 30, 2020, and July 1, 2020 through December 31, 2020.

Molina is a public initiative Healthcare Maintenance Organization (HMO) providing services to residents of Riverside and San Bernardino counties eligible for the benefits of the Managed Care Medi-Cal program. ARMC contracts with Molina to provide healthcare services to their members in order to address the safety, health and social service needs of County residents. 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; allowing ARMC to operate in a fiscally responsible and business-like manner. 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 HMO providing contracted managed care services, and 2) the agreements between the County and each HMO identify the conditions of participation in the intergovernmental program.

The agreement with the State was approved by the Board of Supervisors on September 29, 2020 (Item No. 15). This agreement allows ARMC to receive the supplemental payments resulting from Medi-Cal managed care capitation rate increases for Medi-Cal managed care patients enrolled with each HMO. The agreement is the State's standard contract for this transaction and is not subject to negotiations. The agreement sets forth the conditions for the transfer and receipt of funds through the State's IGT program. This allows ARMC to pursue County goals and objectives by working with other governmental agencies.

The amendment with Molina sets forth the terms and conditions under which the plan is to provide Medi-Cal managed care capitation rate increases to ARMC. This amendment is based on templates previously provided by the State to utilize for such transactions, and contain the following non-standard term relating to indemnification.

Indemnification

The County is required to indemnify the health plan from any claims that occur due to any miscalculation by the State relating to the amounts of 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 plan, 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

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health plan without such limitations and the County would be responsible to defend and reimburse the plan for costs, expenses, and damages, which could exceed the total contract amount.

Pursuant to Health and Safety Code Section 1457(c)(1) 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 amendment.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel 387-5455), on September 29, 2020; ARMC Finance (Chen Wu, Budget and Finance Officer, 580-3165) on September 29, 2020; Finance (Yael Verduzco, Administrative Analyst, 387-5285) on September 30, 2020; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on September 30, 2020

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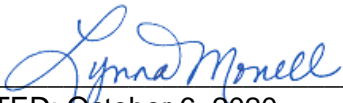
Record of Action of the Board of Supervisors
County of San Bernardino

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Robert A. Lovingood

Ayes: Robert A. Lovingood, Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: October 6, 2020



cc: ARMC - Gilbert w/agree
Contractor - C/O ARMC w/agree
File – w/agree BAI Only
File - Confidential w/agree
CCM 10/15/2020