



# San Bernardino County

## Legislation Text

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**File #: 5198, Agenda Item #: 9**

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

**December 7, 2021**

#### **FROM**

**WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center**

#### **SUBJECT**

Agreement with California Department of Health Care Services and Amendments to Provider Contracts with Inland Empire Health Plan/IEHP Health Access and Molina Healthcare of California, Inc

#### **RECOMMENDATION(S)**

1. Approve Agreement (State Contract No. 21-10254) with California Department of Health Care Services, to allow Arrowhead Regional Medical Center to receive supplemental payments for Medi-Cal managed care capitation rate increases, and for the provision of an intergovernmental transfer assessment fee for administration of the intergovernmental transfer program during the State-established claim period of January 1, 2021 through December 31, 2021, as the result of the intergovernmental transfer program for Medi-Cal managed care patients enrolled with Molina HealthCare of California, Inc. and Inland Empire Health Plan/IEHP Health Access.
2. Approve the following Amendments 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 January 1, 2021 through December 31, 2021:
  - a. Amendment No. 2 to Agreement No. 19-837 with Molina HealthCare of California, Inc.
  - b. Amendment No. 6 to Agreement No. 20-887 with Inland Empire Health Plan/IEHP Health Access.
3. Direct the Clerk of the Board to maintain confidentiality of the Agreement and Amendments 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.**

**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 these Amendments and Agreement 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 range increases paid to Molina Healthcare of California, Inc. (Molina) and Inland Empire Health Plan/IEHP Health Access (IEHP) as managed care providers for the claim period of January 1, 2021 through December 31, 2021.

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 and IEHP, ARMC will transfer funds equal to the amount remitted into the Health Administration budget unit. Sufficient appropriation and revenue are included in the ARMC and Health Administration 2021-22 budget and will be included in future recommended budgets.

**BACKGROUND INFORMATION**

These Amendments and Agreement will allow ARMC to continue participation in the IGT program and receive funding for Medi-Cal managed care patients enrolled with IEHP and 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 adjusts the reimbursement rate to the renegotiated rate for patients seen within the designated claim period of the amended agreements with IEHP and Molina. The agreements with the State are effective January 1, 2021 through June 30, 2024, which allows the State the time necessary to process all claims for patients seen through the claim period of January 1, 2021 through December 31, 2021.

IEHP and Molina are Healthcare Maintenance Organizations (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 IEHP and Molina to provide healthcare services to their members 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 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 amendments with the health 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 the following non-standard contract term:

1. 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.

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 these amendments and agreement.

**PROCUREMENT**

Not applicable.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5455), on October 19, 2021; ARMC Finance (Chen Wu, Budget and Finance Officer, 580-3165) on November 10, 2021; Finance (Yael Verduzco, Administrative Analyst, 387-5285) on November 17, 2021; and County Finance and Administration (Diana Atkeson, Deputy Executive Officer, 387-5423) on November 17, 2021.