



**SAN RAFAEL CITY COUNCIL AGENDA REPORT**

Department: Fire

Prepared by: Darin White,  
Fire Chief

City Manager Approval: \_\_\_\_\_

**TOPIC: AGREEMENT TO PARTICIPATE IN EMERGENCY MEDICAL SERVICE/AMBULANCE TRANSPORT SERVICE COST RECOVERY PROGRAM**

**SUBJECT: RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT TO ALLOW THE SAN RAFAEL FIRE DEPARTMENT TO PARTICIPATE IN AN INTERGOVERNMENTAL TRANSFER WITH THE CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES (DHCS) IN ORDER TO INCREASE THE DEPARTMENT'S REIMBURSEMENT FOR EMERGENCY MEDICAL SERVICE AMBULANCE TRANSPORT SERVICES FOR THE SERVICE PERIOD OF JANUARY 1, 2021 THROUGH DECEMBER 31, 2021.**

**RECOMMENDATION:**

Adopt a resolution authorizing the City Manager to execute an agreement to allow the City of San Rafael Fire Department to participate in a Medi-Cal Intergovernmental Transfer (IGT) program with the California Department of Health Care Services (DHCS) to receive ambulance service reimbursement for the service period of January 1, 2021 through December 31, 2021.

**EXECUTIVE SUMMARY:**

The proposed agreement for participation in a Medi-Cal Intergovernmental Transfer (IGT) for the service periods of January 1, 2021 through December 31, 2021 represents the eighth year of the City's participation in the IGT Program. This program assists the City in recovering costs associated with the provision of Emergency Medical Services (EMS) to individuals who are covered by Medi-Cal. Participation in the IGT program provides an important opportunity for the City to collect ambulance transport fees that would not otherwise be available. Currently, the Medi-Cal program reimburses far less than the actual cost to provide the service.

**BACKGROUND:**

Since 2006, DHCS has offered public healthcare providers the opportunity to participate in a program that increases reimbursement for services provided to Medi-Cal Managed Care plan members. The DHCS program, called a voluntary rate range Intergovernmental Transfer (IGT) program (Welfare and Institutions Code §§14164, 14301.4), provides a way for Medi-Cal Managed Care Health Plan providers to gain access to federal matching funds for Medi-Cal reimbursements. In 2015, this program was expanded to include public Emergency Medical Services (EMS) providers like the San Rafael Fire

---

FOR CITY CLERK ONLY

**Council Meeting:**

**Disposition:**

Department, who provide health care/ambulance services to Medi-Cal managed care enrollees, to make these EMS providers eligible to receive increased reimbursements from Medi-Cal Managed Care Health Plan providers.

Under the IGT program, counties and other governmental entities in the State may elect to transfer funds to the State in support of the Medi-Cal program. These funds are used as a match for federal funds, which are eventually returned to the EMS providers through their respective Medi-Cal Managed Care Health Plan providers. In Marin County, the Medi-Cal Managed Care Health Plan provider is called Partnership HealthPlan of California (PHC). PHC has agreed to participate in the IGT program along with its regional partners: San Rafael Fire Department, Marin County Health and Human Services, MarinHealth Medical Center, Novato Fire Protection District, and Southern Marin Fire District.

**ANALYSIS:**

**Overview of IGT Program:** The IGT program requires the transfer of eligible local dollars from the City to DHCS. DHCS, in turn, uses transferred funds from local governments to increase monthly capitation rates it previously paid Medi-Cal Managed Care Health Plan providers in the prior fiscal year, thus allowing DHCS to receive additional federal funding from the Centers for Medicare and Medicaid Services (CMS) for payment to the Medi-Cal Managed Care Health Plan providers. The Medi-Cal Managed Care Health Plan providers then pay most of their IGT-funded rate increases to the local governments that transferred the funds. Ultimately, each local government participant receives back the funding it provided to participate in the program, plus the federal match in return.

In Fall 2020, PHC notified the San Rafael Fire Department that a non-binding letter of interest must be submitted in order for the City to participate in the program for the service period of January 1, 2021 through December 31, 2021. For the first time, the agreement will cover a calendar year, having transitioned from a fiscal year basis for administration of the program.

The San Rafael Fire Department submitted the non-binding letter of interest and has been working with both DHCS and PHC in developing the necessary agreement for participation. In September 2021, DHCS provided the San Rafael Fire Department with an estimated transfer amount and timeline for the rate range program. DHCS is requesting signatures by December 24, 2021.

**State DHCS Rate Increase Contract:** Based on the participating agencies' signed contracts to transfer funds to DHCS, the State will contact PHC to increase its per-member, per-month capitation rates. The Plan's rate will be increased to the highest actuarially-sound rate.

**Transfer from the Department to the State:** Once the CMS has approved the entire IGT transaction, and the Plan rate contracts have been signed by DHCS and the Medi-Cal Managed Care Health Plans throughout the State, DHCS will submit a request to participating agencies to transfer funds to the State. With the City Council's approval, the Fire Department will transfer an estimated \$274,644 to DHCS. Additionally, the Department will make a separate estimated payment of \$54,929 (20%) to DHCS as authorized in Welfare and Institutions Code Section 14301.4, to cover the administrative costs (assessment fee) of operating the IGT program for the service period of January 1, 2021 through December 31, 2021. If the State is unable to use all of the transferred funds to increase Plan rates, it will return any used funds and the associated 20% administrative fee.

**Payment to the Fire Department:** Federal matching funds received by the Fire Department will be used to promote the well-being of PHC beneficiaries by maintaining or improving the current service levels of the paramedic program. Although the actual total is unknown at this time, the Department expects to net several hundred thousand dollars for the service period of January 1, 2021 through

December 31, 2021. For the Fiscal Year 2019-2020, San Rafael received a check for \$774,339, an amount that is comprised of the original contributions and the federal matched funds. When the 20% pre-paid administrative fee is considered, the resulting net revenue received by the Fire Department was \$458,222 for FY 2019-20. The Department expects a similar amount of net revenue as a result of the agreement for the 2021 calendar year.

The rate range IGT will be implemented through execution of separate contracts with the DHCS and with PHC. These documents spell out the obligations of each entity in regard to the transfer of local government funds, the use of funds by DHCS, the payment of funds to PHC, and the treatment of payments by PHC. Before any funds are transferred, all the contracts must be signed by the participating agencies and the plan rate increases must be approved by the federal government. The specific contract documents need to be returned to DHCS by December 24, 2021. On September 27, 2021, the Fire Department received an agreement from DHCS for the City Manager's signature; this is included as Attachment 2. Staff is recommending that the City Manager be given the authority to sign the agreement as well as any related documents in the form approved by the City Attorney.

**FISCAL IMPACT:**

The IGT will support the Emergency Medical Services Fund in recovering a greater portion of its transport costs.

Attachment 3 provides approximate transfer amounts based on information provided to the Fire Department by PHC, the County's Medi-Cal Managed Health Care Plan provider. A summary of the amount the City expects to transfer to DHCS and receive back through participation in this program is outlined below.

<b>Time Period</b>	<b>Funding Source</b>	<b>Transfer Amount to DHCS</b>	<b>Admin Fee to DHCS</b>	<b>Estimated Funds Returned to City of SR by PHC</b>	<b>Estimated Net New Funds</b>
2021 Calendar Year	Fund 210	\$274,644	\$54,929	\$807,454	\$477,881

The proposed funds to be transferred to the State will be allocated from the Department's Emergency Medical Services Fund and are expected to be transferred in the third or fourth quarter of 2022. The funds will return to the Fire Department as enhanced Medi-Cal payments approximately six to eight weeks later.

**OPTIONS:**

1. Adopt the resolution as presented.
2. Direct staff to return with more information.
3. Take no action.

**RECOMMENDED ACTION:**

Adopt a resolution authorizing the City Manager to execute an agreement to allow the City of San Rafael Fire Department to participate in a Medi-Cal Intergovernmental Transfer (IGT) program with the California Department of Health Care Services to receive ambulance service reimbursement for the service period of January 1, 2021 through December 31, 2021.

**ATTACHMENTS:**

1. Resolution
2. IGT Agreement for 2021 Calendar Year with San Rafael Fire Department Allocation Estimates

**RESOLUTION NO.**

**RESOLUTION OF THE SAN RAFAEL CITY COUNCIL AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT TO ALLOW THE SAN RAFAEL FIRE DEPARTMENT TO PARTICIPATE IN AN INTERGOVERNMENTAL TRANSFER WITH THE CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES (DHCS) IN ORDER TO INCREASE THE DEPARTMENT'S REIMBURSEMENT FOR EMERGENCY MEDICAL SERVICE AMBULANCE TRANSPORT SERVICES FOR THE SERVICE PERIOD OF JANUARY 1, 2021 THROUGH DECEMBER 31, 2021.**

**WHEREAS**, the City of San Rafael, through its Fire Department, regularly provides emergency ambulance transport to persons who are Medi-Cal patients enrolled in managed care plans; and

**WHEREAS**, the City participates in various governmental programs that provide reimbursement of costs incurred in providing such emergency services to Medi-Cal patients; and

**WHEREAS**, pursuant to the authority of Welfare & Institutions Code sections 14164 and 14301.4, since 2006 the California Department of Health Care Services (DHCS) has been offering a voluntary rate range Intergovernmental Transfer Program to allow healthcare providers such as the City of San Rafael Fire Department to access federal matching funds for reimbursement through their Medi-Cal Managed Care Health Plan Providers; and

**WHEREAS**, the City may pursue an Intergovernmental Transfer to DHCS through its Medi-Cal Managed Care Health Plan Provider, Partnership Health Plan of California (PHC); and

**WHEREAS**, by participating in the Intergovernmental Transfer Program, the City will receive reimbursements for a larger proportion of its actual costs for providing emergency ambulance transport to Medi-Cal patients enrolled in managed care plans; and

**WHEREAS**, under the Intergovernmental Transfer Program, the funds shall be transferred in accordance with a mutually agreed-upon schedule between the City of San Rafael and DHCS;

**NOW, THEREFORE, BE IT RESOLVED**, by the San Rafael City Council as follows:

1. The San Rafael Fire Department is hereby authorized to participate in an Intergovernmental Transfer (IGT) with the California Department of Health Care Services (DHCS) in order to increase the Department's reimbursement for EMS ambulance transport services provided to Partnership Health Plan of California (PHC) members for the service period of January 1, 2021 through December 31, 2021.
2. The City Manager is authorized to execute the required Intergovernmental Agreement Regarding Transfer of Public Funds with the DHCS included in the staff report for this resolution, subject to final approval as to form by the City Attorney.
3. The City Council hereby authorizes the transfer of funds to DHCS pursuant to such agreement, in an amount approved by the City Manager and in accordance with a mutually agreed upon schedule, to be used solely as a portion of the non-federal share of actuarially-sound Medi-Cal managed care capitation rate increases for the Partnership Health Care period of January 1, 2021 through December 31, 2021.



**INTERGOVERNMENTAL AGREEMENT REGARDING  
TRANSFER OF PUBLIC FUNDS**

This Agreement is entered into between the CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES (“DHCS”) and the CITY OF SAN RAFAEL FIRE DEPARTMENT (“GOVERNMENTAL FUNDING ENTITY”) with respect to the matters set forth below.

The parties agree as follows:

**AGREEMENT**

1. Transfer of Public Funds

1.1 The GOVERNMENTAL FUNDING ENTITY agrees to make a transfer of funds to DHCS pursuant to sections 14164 and 14301.4 of the Welfare and Institutions Code. The amount transferred shall be based on the sum of the applicable rate category per member per month (“PMPM”) contribution increments multiplied by member months, as reflected in Exhibit 1. The GOVERNMENTAL FUNDING ENTITY agrees to initially transfer amounts that are calculated using the Estimated Member Months in Exhibit 1, which will be reconciled to actual enrollment for the service period of January 1, 2021 through December 31, 2021 in accordance with Sub-Section 1.3 of this Agreement. The funds transferred shall be used as described in Sub-Section 2.2 of this Agreement. The funds shall be transferred in accordance with the terms and conditions, including schedule and amount, established by DHCS.

1.2 The GOVERNMENTAL FUNDING ENTITY shall certify that the funds transferred qualify for Federal Financial Participation pursuant to 42 C.F.R. part 433, subpart B, and are not derived from impermissible sources such as recycled Medicaid payments, Federal

money excluded from use as State match, impermissible taxes, and non-bona fide provider-related donations. Impermissible sources do not include patient care or other revenue received from programs such as Medicare or Medicaid to the extent that the program revenue is not obligated to the State as the source of funding.

1.3 DHCS shall reconcile the “Estimated Member Months,” in Exhibit 1, to actual enrollment in HEALTH PLAN(S) for the service period of January 1, 2021 through December 31, 2021 using actual enrollment figures taken from DHCS records. Enrollment reconciliation will occur on an ongoing basis as updated enrollment figures become available. Actual enrollment figures will be considered final two years after December 31, 2021. If reconciliation results in an increase to the total amount necessary to fund the nonfederal share of the payments described in Sub-Section 2.2, the GOVERNMENTAL FUNDING ENTITY agrees to transfer any additional funds necessary to cover the difference. If reconciliation results in a decrease to the total amount necessary to fund the nonfederal share of the payments described in Sub-Section 2.2, DHCS agrees to return the unexpended funds to the GOVERNMENTAL FUNDING ENTITY. If DHCS and the GOVERNMENTAL FUNDING ENTITY mutually agree, amounts due to or owed by the GOVERNMENTAL FUNDING ENTITY may be offset against future transfers.

2. Acceptance and Use of Transferred Funds

2.1 DHCS shall exercise its authority under section 14164 of the Welfare and Institutions Code to accept funds transferred by the GOVERNMENTAL FUNDING ENTITY pursuant to this Agreement as IGTs, to use for the purpose set forth in Sub-Section 2.2.

2.2 The funds transferred by the GOVERNMENTAL FUNDING ENTITY pursuant to Section 1 and Exhibit 1 of this Agreement shall be used to fund the non-federal share

of Medi-Cal Managed Care actuarially sound capitation rates described in section 14301.4(b)(4) of the Welfare and Institutions Code as reflected in the contribution PMPM and rate categories reflected in Exhibit 1. The funds transferred shall be paid, together with the related Federal Financial Participation, by DHCS to HEALTH PLAN(S) as part of HEALTH PLAN(S)' capitation rates for the service period of January 1, 2021 through December 31, 2021, in accordance with section 14301.4 of the Welfare and Institutions Code.

2.3 DHCS shall seek Federal Financial Participation for the capitation rates specified in Sub-Section 2.2 to the full extent permitted by federal law.

2.4 The parties acknowledge that DHCS will obtain any necessary approvals from the Centers for Medicare and Medicaid Services.

2.5 DHCS shall not direct HEALTH PLAN(S)' expenditure of the payments received pursuant to Sub-Section 2.2.

3. Assessment Fee

3.1 DHCS shall exercise its authority under section 14301.4 of the Welfare and Institutions Code to assess a 20 percent fee related to the amounts transferred pursuant to Section 1 of this Agreement, except as provided in Sub-Section 3.2. GOVERNMENTAL FUNDING ENTITY agrees to pay the full amount of that assessment in addition to the funds transferred pursuant to Section 1 of this Agreement.

3.2 The 20-percent assessment fee shall not be applied to any portion of funds transferred pursuant to Section 1 that are exempt in accordance with sections 14301.4(d) or 14301.5(b)(4) of the Welfare and Institutions Code. DHCS shall have sole discretion to determine the amount of the funds transferred pursuant to Section 1 that will not be subject to a



20 percent fee. DHCS has determined that \$0.00 of the transfer amounts will not be assessed a 20 percent fee, subject to Sub-Section 3.3.

3.3 The 20-percent assessment fee pursuant to this Agreement is non-refundable and shall be wired to DHCS separately from, and simultaneous to, the transfer amounts made under Section 1 of this Agreement. If, at the time of the reconciliation performed pursuant to Sub-Section 1.3 of this Agreement, there is a change in the amount transferred that is subject to the 20-percent assessment in accordance with Sub-Section 3.1, then a proportional adjustment to the assessment fee will be made.

4. Amendments

4.1 No amendment or modification to this Agreement shall be binding on either party unless made in writing and executed by both parties.

4.2 The parties shall negotiate in good faith to amend this Agreement as necessary and appropriate to implement the requirements set forth in Section 2 of this Agreement.

5. Notices. Any and all notices required, permitted or desired to be given hereunder by one party to the other shall be in writing and shall be delivered to the other party personally or by United States First Class, Certified or Registered mail with postage prepaid, addressed to the other party at the address set forth below:

To the GOVERNMENTAL FUNDING ENTITY:

Darin White, Fire Chief  
City of San Rafael  
Fire Department  
1375 Fifth Avenue  
San Rafael, CA 94901  
[Darin.White@cityofsanrafael.org](mailto:Darin.White@cityofsanrafael.org)

With copies to:

Van Bach, Accounting Supervisor  
City of San Rafael  
Finance Department  
1400 Fifth Avenue  
San Rafael, CA 94901  
[Van.Bach@cityofsanrafael.org](mailto:Van.Bach@cityofsanrafael.org)

And

Jeff Ingram  
Director, FP&A  
Partnership HealthPlan of California  
4665 Business Center Drive  
Fairfield, CA 94534  
[jingram@partnershiphp.org](mailto:jingram@partnershiphp.org)

To DHCS:

Vivian Beeck  
California Department of Health Care Services  
Capitated Rates Development Division  
1501 Capitol Ave., MS 4413  
Sacramento, CA 95814  
[Vivian.Beeck@dhcs.ca.gov](mailto:Vivian.Beeck@dhcs.ca.gov)

6. Other Provisions

6.1 This Agreement contains the entire Agreement between the parties with respect to the Medi-Cal payments described in Sub-Section 2.2 of this Agreement that are funded by the GOVERNMENTAL FUNDING ENTITY, and supersedes any previous or contemporaneous oral or written proposals, statements, discussions, negotiations or other agreements between the GOVERNMENTAL FUNDING ENTITY and DHCS relating to the subject matter of this Agreement. This Agreement is not, however, intended to be the sole agreement between the parties on matters relating to the funding and administration of the Medi-

Cal program. This Agreement shall not modify the terms of any other agreement, existing or entered into in the future, between the parties.

6.2 The non-enforcement or other waiver of any provision of this Agreement shall not be construed as a continuing waiver or as a waiver of any other provision of this Agreement.

6.3 Sections 2 and 3 of this Agreement shall survive the expiration or termination of this Agreement.

6.4 Nothing in this Agreement is intended to confer any rights or remedies on any third party, including, without limitation, any provider(s) or groups of providers, or any right to medical services for any individual(s) or groups of individuals. Accordingly, there shall be no third party beneficiary of this Agreement.

6.5 Time is of the essence in this Agreement.

6.6 Each party hereby represents that the person(s) executing this Agreement on its behalf is duly authorized to do so.

7. State Authority. Except as expressly provided herein, nothing in this Agreement shall be construed to limit, restrict, or modify the DHCS' powers, authorities, and duties under Federal and State law and regulations.

8. Approval. This Agreement is of no force and effect until signed by the parties.

9. Term. This Agreement shall be effective as of January 1, 2021 and shall expire as of June 30, 2024 unless terminated earlier by mutual agreement of the parties.

**SIGNATURES**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, on the date of the last signature below.

THE CITY OF SAN RAFAEL FIRE DEPARTMENT:

By: \_\_\_\_\_ Date: \_\_\_\_\_

Jim Schutz, City Manager, City of San Rafael

THE STATE OF CALIFORNIA, DEPARTMENT OF HEALTH CARE SERVICES:

By: \_\_\_\_\_ Date: \_\_\_\_\_

Rafael Davtian, Division Chief, Capitated Rates Development Division

Exhibit 1

<b>Health Plan:</b>	<b>Partnership Health Plan of California</b>		
<b>Rating Region:</b>	<b>All Rating Regions</b>		
<b>Service Period</b>	<b>1/2021 - 12/2021</b>		
		Estimated Member	Estimated
Rate Category	Contribution PMPM	Months*	Contribution (Non-Federal Share)
Child - non MCHIP	\$ 0.02	1,835,590	\$ 36,712
Child - MCHIP	\$ 0.01	817,276	\$ 8,173
Adult - non MCHIP	\$ 0.06	1,045,291	\$ 62,717
Adult - MCHIP	\$ 0.04	28,224	\$ 1,129
ACA Optional Expansion	\$ 0.01	2,202,804	\$ 22,028
SPD	\$ 0.16	490,034	\$ 78,405
SPD/Full-Dual	\$ 0.03	836,710	\$ 25,101
LTC	\$ 0.70	1,763	\$ 1,234
LTC/Full-Dual	\$ 0.44	37,393	\$ 16,453
OBRA	\$ 0.09	1,738	\$ 156
WCM	\$ 0.27	83,465	\$ 22,536
Estimated Total		7,380,288	\$ 274,644

\* Note that Estimated Member Months are subject to variation, and the actual total Contribution (Non-Federal Share) may differ from the amount listed here.