



**SAN RAFAEL**  
THE CITY WITH A MISSION

Agenda Item No: 4.d

Meeting Date: November 20, 2023

**SAN RAFAEL CITY COUNCIL AGENDA REPORT**

Department: Fire

Prepared by: Darin White, Fire Chief  
Thomas Wong, Sr. Mgmt. Analyst II

City Manager Approval: 

**TOPIC: AGREEMENT TO PARTICIPATE IN A MEDI-CAL INTERGOVERNMENTAL TRANSFER COST RECOVERY PROGRAM**

**SUBJECT: AUTHORIZE THE CITY MANAGER TO EXECUTE AN AGREEMENT ALLOWING THE SAN RAFAEL FIRE DEPARTMENT TO PARTICIPATE IN A MEDI-CAL INTERGOVERNMENTAL TRANSFER (IGT) PROGRAM WITH THE CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES (DHCS) FOR THE SERVICE PERIOD OF JANUARY 1, 2022 THROUGH DECEMBER 31, 2022.**

**RECOMMENDATION:**

Authorize the City Manager to execute an agreement allowing the San Rafael Fire Department to participate in a Medi-Cal Intergovernmental Transfer (IGT) program with the California Department of Health Care Services (DHCS) for the service period of January 1, 2022 through December 31, 2022.

**EXECUTIVE SUMMARY:**

The proposed agreement for participation in a Medi-Cal Intergovernmental Transfer (IGT) for the service period of January 1, 2022 through December 31, 2022 represents the ninth year of the City's participation in the IGT program. The IGT program is administered the following year to allow for statewide ambulance data to be calculated which sets the IGT rate for each agency. The 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 Voluntary Rate Range Intergovernmental Transfer 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 Department, who provide health care/ambulance services to Medi-Cal managed care enrollees. This made eligible, public EMS providers to receive increased reimbursements from Medi-Cal Managed Care Health Plan providers.

---

**FOR CITY CLERK ONLY**

**Council Meeting:**

**Disposition:**

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.

To calculate the program's total size and each agency's share of the reimbursement, transport data is collected from each agency on a quarterly basis. Once collected, letters of interest are sent to each eligible agency to determine if they intend to participate. Using the letters of interest, DHCS then calculates each agency's share of the program based on the number of returned letters of interest. Since Q4 2022 transport data is not submitted until Q1 2023, the calendar year 2022 program is administered in 2023.

**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 September 2023, DHCS notified the City 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, 2022 through December 31, 2022. Since the IGT program is voluntary, the non-binding letter allows DHCS to better estimate how many agencies will participate, which sets the IGT contribution rate for each agency.

Staff submitted the non-binding letter of interest and has been working with DHCS to develop the necessary agreement for participation. In October 2023, DHCS provided an estimated transfer amount based on the returned LOIs from participating agencies with a standard agreement that all participating agencies must sign (Attachment 1). DHCS is requesting the agreement be returned by November 24, 2023.

**Transfer from the City to the State:** Once 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 City will transfer an estimated \$273,667 to DHCS. Additionally, the City will make a separate estimated payment of \$54,733 (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, 2022, through December 31, 2022. If the State is unable to use all the transferred funds to increase Plan rates, it will return any used funds and the associated 20% administrative fee.

**Payment to the City:** Federal matching funds received by the City will be used to promote the well-being of Partnership HealthPlan of California beneficiaries by maintaining the current service levels of the paramedic program. Although DHCS and Partnership HealthPlan of California have not provided the City a revenue estimate at this time, the Fire Department expects to net roughly \$450,000 for the service period of January 1, 2022 through December 31, 2022 based on prior year revenues.

The calendar year 2021 program was temporarily put on hold by DHCS due to a request to revise rates resulting in a review and a delay of the final payment until Q4 2023. Using the last full year’s payment, FY 2019-2020, the City received \$774,339, which consists 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 City was \$458,222 for FY 2019-20. The City expects net revenue of a similar amount for calendar year 2022, as discussed below.

**FISCAL IMPACT:**

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

The DHCS agreement provides approximate transfer amounts based on information provided to the City by Partnership HealthPlan of California, 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</b>	<b>Estimated Net New Funds</b>
2022 Calendar Year	Fund 210	\$273,667	\$54,733	\$800,000	\$471,600

The proposed funds to be transferred to the State will be allocated from the City’s Paramedic Services Fund (210) and are expected to be transferred in January 2024.

**OPTIONS:**

1. Authorize the City Manager to execute an agreement allowing the San Rafael Fire Department to participate in a Medi-Cal Intergovernmental Transfer (IGT) program with the California Department of Health Care Services (DHCS) for the service period of January 1, 2022 through December 31, 2022.
2. Direct staff to return with more information.
3. Take no action.

**RECOMMENDED ACTION:**

Authorize the City Manager to execute an agreement allowing the San Rafael Fire Department to participate in a Medi-Cal Intergovernmental Transfer (IGT) program with the California Department of Health Care Services (DHCS) for the service period of January 1, 2022 through December 31, 2022.

**ATTACHMENTS:**

1. IGT Agreement for 2022 Calendar Year with San Rafael Fire Department Allocation Estimates

**INTERGOVERNMENTAL AGREEMENT REGARDING  
TRANSFER OF PUBLIC FUNDS**

This Agreement is entered into between the CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES (“DHCS”) and 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, 2022, through December 31, 2022 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, 2022, through December 31, 2022 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, 2022. 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 Intergovernmental Transfer (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, 2022, through December 31, 2022, 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, as shown in the table below, 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 simultaneously with 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 either be sent via secure email or submitted in writing 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 as set forth below:

To the GOVERNMENTAL FUNDING ENTITY:

Thomas Wong, Senior Management Analyst II  
1375 5<sup>th</sup> Ave.  
San Rafael, CA 94901  
(415) 458-5360  
[Thomas.wong@cityofsanrafael.org](mailto:Thomas.wong@cityofsanrafael.org)

With copies to:

Insert CC Info as identified by Funding Entity

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)

Any required signature(s) on any documents must be in compliance with California Government Code section 16.5 and any other applicable state or federal regulations.

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, 2022, and shall expire as of June 30, 2025 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.

CITY OF SAN RAFAEL FIRE DEPARTMENT:

By: \_\_\_\_\_  
(Funding Entity Signer)

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

THE STATE OF CALIFORNIA, DEPARTMENT OF HEALTH CARE SERVICES:

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

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

David Bishop, Acting Division Chief, Capitated Rates Development Division

Exhibit 1

Health Plan	Funding Entity	County	Service Period	Participation %
Partnership Health Plan of California	City of San Rafael Fire Department	Regional	1/2022 - 12/2022	0.51%
Category of Aid	SIS/UIS	Contribution PMPM	Estimated Member Months*	Estimated Contribution (Non-Federal Share)
Child	SIS	\$ 0.02	2,574,310	\$ 51,486
Child	UIS	\$ 0.03	75,498	\$ 2,265
Adult	SIS	\$ 0.04	1,136,355	\$ 45,454
Adult	UIS	\$ 0.11	124,071	\$ 13,648
ACA Optional Expansion	SIS	\$ 0.01	2,310,919	\$ 23,109
ACA Optional Expansion	UIS	\$ 0.08	160,059	\$ 12,805
SPD	SIS	\$ 0.12	446,077	\$ 53,529
SPD	UIS	\$ 0.29	21,750	\$ 6,308
SPD/Full-Dual	SIS	\$ 0.03	866,986	\$ 26,010
SPD/Full-Dual	UIS	\$ 0.08	1,419	\$ 114
LTC (non-dual)	SIS	\$ 0.58	1,167	\$ 677
LTC (non-dual)	UIS	\$ 1.20	384	\$ 461
LTC/Full-Dual	SIS	\$ 0.46	31,135	\$ 14,322
LTC/Full-Dual	UIS	\$ 0.98	31	\$ 30
Whole Child Model	SIS	\$ 0.23	98,296	\$ 22,608
Whole Child Model	UIS	\$ 0.42	2,002	\$ 841
Est. FE Total			7,850,459	\$ 273,667

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

\* FMAP is a weighted blend of multiple FMAPs.