

## MONTEREY COUNTY BOARD OF SUPERVISORS

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| <b>MEETING:</b> March 20, 2012 – Consent  | <b>AGENDA NO.:</b> |
| <b>SUBJECT:</b> a. Authorize the Auditor-Controller to work with the County Administrative Office to establish, fund and develop a disbursement protocol for the Low Income Health Program (LIHP); and<br>b. Authorize the County’s Risk Manager to acquire reinsurance (stop-loss insurance) for the LIHP and<br>c. Authorize the Director of Health to negotiate and execute the State Contract for the LIHP; and<br>d. Authorize the Director of Health to negotiate and execute the Central California Alliance for Health Administrative Services Agreement; and<br>e. Authorize the Auditor-Controller to certify public expenditures for LIHP. |                    |
| <b>DEPARTMENT:</b> County Administrative Office; Health Department; Auditor Controller  |                    |

### RECOMMENDATION

It is recommended that the Board of Supervisors:

- a. Authorize the Auditor-Controller to work with the County Administrative Office to establish, fund and develop a disbursement protocol for the Low Income Health Program (LIHP); and
- b. Authorize the County’s Risk Manager to acquire reinsurance (stop-loss insurance) for the LIHP and
- c. Authorize the Director of Health to negotiate and execute the State Contract for the LIHP; and
- d. Authorize the Director of Health to execute the Central California Alliance for Health Administrative Services Agreement; and
- e. Authorize the Auditor-Controller to certify public expenditures for LIHP.

### SUMMARY/DISCUSSION

In November 2010, the Centers for Medicaid and Medicare Services (CMS) approved the Section 1115 Medicaid Waiver which allows Counties to voluntarily develop a Low Income Health Program with the goal to enhance medical services to the medically indigent population of the County. California’s Section 1115 Medicaid Waiver offers an opportunity, in the context of national and state health care reform goals, to improve the health of low-income, uninsured residents who do not qualify for Medi-Cal. This waiver offers an opportunity to County entities to receive federal funding for transitioning medically indigent residents into a managed care program. Participation in this waiver program obligates the County to establish an expanded set of access requirements including coverage of out of network emergency care, and expanded coverage for preventive services.

Monterey County Health Department and Natividad Medical Center (NMC) propose the name of Monterey’s LIHP be ViaCare. ViaCare will provide coverage to approximately 1,000 – 1,500 uninsured childless residents ages 19-64 with incomes at or below 100% of the Federal Poverty Level (FPL). The County will continue to operate the existing Medically Indigent Adult Program (MIA) for eligible individuals with incomes of 101% to 250% of the FPL. Over the past year, the Health Department and NMC have conducted presentations of ViaCare to Board of Supervisors (BOS), BOS Health and Human Services Committee, MORE Health, Salinas Valley Memorial Healthcare System, SEIU IHSS workers, County staff, and other community groups in an effort to inform the public about the new program.

Since ViaCare is a short term program and enrollees will be transferred to Medi-Cal in 2014, it is prudent of the County to contract with a third party administrator. The Central California Alliance for Health (CCAH) is the County's Medi-Cal Managed Care entity and has a long standing positive reputation for managing Medicaid benefits. An Administrative Services Organization Agreement has been negotiated with CCAH to function as the third party administrator for the County's ViaCare (Attachment 2). CCAH will provide:

1. Member services
2. Provider network services,
3. Utilization management,
4. Claims processing,
5. Quality assurance, and
6. Necessary data as required by the State Department of Health Care Services (DHCS).

The County has submitted all requested LIHP documentation or deliverables to the DHCS and CMS for review and approval. One of the last required deliverables is evidence of the Board of Supervisors approval for contracting with DHCS (Attachment 1) and CCAH for the LIHP program. To ensure rapid implementation of the LIHP program, approval is requested to authorize the Health Director to execute on behalf of the County, the State Contract and CCAH Administrative Services Agreement contingent upon final negotiations between DHCS and CCAH.

### **OTHER AGENCY INVOLVEMENT**

Development of the County's LIHP is a partnership between the County's Health Department, NMC, Department of Social and Employment Services, County Administrative Office, County Counsel, and Auditor-Controller. Other agencies involved in the development of the County's LIHP include: CCAH, California Department of Public Hospitals, Blue Shield of California Foundation and local health care providers.

Authorization to sign the State Contract and the CCAH Administrative Services Agreement are subject to County Counsel, County Risk Manager, County Administrative Office, and County Auditor-Controller review and approval.

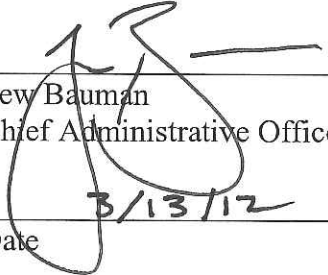
### **FINANCING**


Approximately \$14,000,000 in expenditure is expected to be incurred for the County's LIHP annually, of which \$12,000,000 will be funded by NMC and \$2,000,000 funded by the Health Department- Behavioral Health. The County will receive federal reimbursement of \$0.50 for every \$1 of certified public expenditure provided the Maintenance of Effort is met. The Auditor Controller will determine the appropriate accounting and tracking structure for the LIHP program. The Health Department and NMC will fund a reserve of \$2,000,000 and \$12,000,000, respectively. The LIHP creates a Maintenance of Effort (MOE) for the County which is under review by the Health Director, Auditor Controller and County Administration. These departments will seek an appropriate level of MOE that is specific to the current costs associated with the County's obligation for the MIA population under FPL of 100%.


CCAH will serve as the Administrative Services Organization for the County's LIHP Program. As needed, the County will transfer sufficient funds to cover anticipated healthcare expenditures to CCAH's LIHP Covered Services Account as indicated in CCAH Administrative Services

Agreement. CCAH will be reimbursed at the rate of three (3) percent of processed claims. Paid claims for the LIHP enrollees including administrative expenditures will be included in required CMS cost report template for all LIHP expenditures. The Health Department and NMC will ensure that all necessary cost reports are filed to maximize Federal Financial Participation on certified public expenditures.

Approved by:

  
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Lew Bauman  
Chief Administrative Officer  
3/13/12  
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Date

  
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Ray Bullick  
Director of Health  
3-13-12  
\_\_\_\_\_  
Date

  
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Michael J. Miller  
Auditor-Controller  
March 13, 2012  
\_\_\_\_\_  
Date

Attachments: 1. Department of Health Care Services Contract for Low Income Health Program  
2. CCAH Administrative Services Agreement

Attachments are on file with the Clerk of the Board

Cc: Health Department  
Natividad Medical Center  
County Counsel  
Auditor-Controller  
County Administrative Office