

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 25, 2016

CAO File No. 0220-05257-0000
Council File No. 16-0530
Council District: --

To: The City Council

From: Miguel A. Santana, City Administrative Officer *DH
PW*

Reference: Fire Department Report dated August 5, 2016

Subject: **FIRE DEPARTMENT – PARTICIPATION IN THE FISCAL YEAR 2014-15
MEDI-CAL INTERGOVERNMENTAL TRANSFER PROGRAM TO ACCESS
FEDERAL MEDICAID FUNDS FOR EMERGENCY MEDICAL AND AMBULANCE
TRANSPORT SERVICES**

SUMMARY

The Los Angeles Fire Department (LAFD) requests authority to transfer \$9.51 million to the State of California Department of Health Care Services (DHCS) in order to participate in the Fiscal Year 2014-15 Medi-Cal Intergovernmental Transfer (FY2015 IGT) program and pursue federal funds available for LAFD emergency medical and ambulance transport (EMS) services for Medi-Cal managed care beneficiaries. An upfront commitment of the \$9.51 million from the City is required for participation in the FY2015 IGT program and is projected to net the City approximately \$5.86 million in federal funding in 2016-17. The City's upfront contribution is required to be submitted no later than September 9, 2016. Funds are expected to be returned to the City, along with the federal match funding, by December 2016. The LAFD also requests authority to use the federal funding, once received, for EMS-related programs and services supplemental to the 2016-17 Adopted Budget. Additional options for use of the funds are included below.

BACKGROUND

On May 13, 2016, the City Council adopted a Motion (Krekorian-Englander-Wesson; C.F. No. 16-0530), approving in concept, LAFD participation in an IGT program with the DHCS in order to pursue increased matching federal Medicaid funds. With this action and City Attorney approval, the LAFD entered into official discussions and executed contracts for the FY2015 IGT program with the DHCS and its contracted Health Care Plans (HCPs) who administer the IGT program for Los Angeles County: L.A. Care Health Plan (LA Care, City Contract No. C-127615) and Health Net Community Solutions (Health Net, City Contract No. C-127672). The FY2015 IGT agreements cover the State Fiscal Year 2014-15 program period and have an agreement term of July 1, 2014 through June 30, 2017. Further Council approval is now required in order to initiate the transfer of \$9.51 million to the DHCS for the FY2015 IGT program.

The Motion also instructed this Office, with the LAFD, to report on the IGT program; options for funding the up-front commitment required for participation; the City's current cost of and reimbursements for providing services for Medicaid/Medi-Cal beneficiaries; and restrictions on the use of the anticipated revenue.

Medicaid/Medi-Cal and the IGT Program

Medicaid is a joint financing partnership between the federal government and states to provide health care funding for low income populations. These programs, recognized as Medi-Cal in California, are administered by states under guidelines from the federal Center for Medicare and Medicaid Services (CMS). Local public entities providing EMS services to Medi-Cal beneficiaries can qualify their spending as part of the State share of Medi-Cal costs submitted to CMS by presenting their costs to DHCS through IGTs, which are authorized by California Welfare and Institutions Code Sections 14164 and 14301.4. In order to receive the matching allocation from CMS, DHCS must submit its calculated share of Medi-Cal costs for a completed program year, including funds from IGTs, to CMS.

The LAFD provides EMS services to more than 70,000 Medi-Cal beneficiaries annually, at a cost of over \$70 million. A portion of these costs is already reimbursed through the Department's participation in the DHCS Ground Emergency Medical Transport (GEMT) program, which was established by State Assembly Bill 678. The GEMT program provides partial reimbursement from CMS for Medi-Cal Fee for Service beneficiaries. \$9.59 million, or approximately 14 percent of the City's unreimbursed Medi-Cal costs, was received in 2015-16 for GEMT. Approximately 86 percent of Medi-Cal costs remains unreimbursed and an obligation of the General Fund. Participation in the IGT will help the LAFD obtain additional revenue to provide EMS services to Medi-Cal beneficiaries.

The attached report from the Fire Department, dated August 5, 2016, provides further detail on the IGT program and process and the current costs and reimbursements for the Department's services to Medi-Cal beneficiaries.

Front-funding Requirement

Participation in the IGT requires the LAFD to provide its Medi-Cal match-eligible costs upfront to the DHCS, plus a 20-percent DHCS administrative fee. The LAFD eligible costs for the FY2015 IGT program, as approved by the HCPs, are \$7,926,937. Including the administrative fee, the total amount to be transferred to DHCS is \$9,512,324. This amount is required to be transferred to DHCS by no later than September 9, 2016.

DHCS will present its state-share Medi-Cal costs, including funds from IGTs, to CMS to receive the federal share. All funds are then redistributed to the HCPs, which keep a percentage for expenses (approximately six percent), and then pass the remaining funds to local entities per the IGT agreements. CMS will match the LAFD FY2015 IGT-contributed cost of \$7,926,937. After subtracting the 20-percent DHCS administrative fee and the HCP expenses, the anticipated amount transferred back to the City is \$15,378,258, for a net revenue amount of \$5,865,934.

The total LAFD EMS Program Budget for 2016-17 is \$187.93 million. Approximately \$105.67 million of that amount is budgeted for sworn salaries, which is an eligible expense under Medi-Cal and the IGT agreements. There is sufficient funding in the EMS Program Sworn Salaries account to provide the \$9.51 million transfer required for the FY2015 IGT program. Once the IGT and Medi-Cal matching program funds have been received from the HCPs, the \$9.51 million will be returned to the EMS Program Sworn Salaries account.

Revenue Use and Restrictions

The IGT agreements state that funds received are to be used for providing services to Medi-Cal beneficiaries and for other health care-related services in the current fiscal year. If funds are not expended in the current fiscal year, the unspent balance may be retained and used in subsequent fiscal years for Medi-Cal and health care-related services.

In anticipation of the revenue available from participation in the IGT program, the Council recognized in the 2016-17 Adopted Budget \$5.8 million in revenue to the Fire Department's General Fund budget and created a corresponding appropriation of \$5.8 million in the Unappropriated Balance, Fire Department Shortfalls and other Emergency Response Needs line item. Based on the IGT agreement requirements, it is recommended that a new special fund be created for IGT program receipts and expenditures. Should the FY2015 IGT program funds be received prior to the creation of the new fund, the Fire Department Trust Fund can serve as a holding place, with funds appropriated as-needed to the LAFD in order to properly track the receipts and maintain transparency of use.

The LAFD included in its report several unfunded EMS-related initiatives that would be eligible for the available \$5.8 million in FY2015 IGT funding. It should be noted that these initiatives were included in the Department's 2016-17 Budget request, and that at least \$3.44 million would be ongoing costs. Various EMS-related initiatives currently funded by the General Fund in the 2016-17 Adopted Budget are also eligible uses of IGT funding. The IGT funds could be used to offset General Fund EMS appropriations or address any shortfalls within the EMS or related programs should they occur during the fiscal year. The Department has indicated that it anticipates ongoing, annual participation in the IGT program. Accordingly, the City must apply for and enter into new agreements for each year of IGT participation.

The FY2015 IGT funds are expected to be transmitted to the City by December 2016. It is recommended that further discussions on the use of the IGT funds be made when the funds are received and in the context of the Fire Department's current fiscal condition and its EMS resource priorities.

RECOMMENDATIONS

That the City Council, subject to the approval of the Mayor:

1. Request the City Attorney to draft an ordinance establishing a special fund titled Medi-Cal Intergovernmental Transfer Program (IGT Fund) for the deposit of monies received from the State of California Department of Health Care Services (DHCS), or its contracted Health Care

Plans (HCPs), for the Los Angeles Fire Department (LAFD) to provide emergency medical and ambulance transport (EMS) and health care services in accordance with California Welfare and Institutions Code Section 14301.4;

2. Authorize the Controller to:

- a. Electronically transfer \$9,512,324 from the LAFD Fund 100/38, EMS Program Account No. 001012 Salaries Sworn, to the DHCS, by no later than September 9, 2016, for LAFD participation in the Fiscal Year 2014-15 Medi-Cal Intergovernmental Transfer (FY2015 IGT) program to access federal Medicaid funds for EMS services;
- b. Set up a receivable in the new IGT Fund in an amount to be determined upon receipt of the FY2015 IGT program funds from the DHCS or its contracted HCPs;
- c. Establish an appropriation account, account number to be determined (TBD), within the new IGT Fund, titled FY2015 Medi-Cal Intergovernmental Transfer, for the receipt and disbursement of the FY2015 IGT funds;

3. Authorize the LAFD to:

- a. Deposit the FY2015 IGT program receipts in the new IGT Fund, FY2015 Medi-Cal IGT Account No. TBD;
- b. Transfer \$9,512,324 from the new IGT Fund, FY2015 Medi-Cal IGT Account No. TBD to the LAFD Fund 100/38, EMS Program Account No. 001012 Salaries Sworn;

4. Authorize the Controller, if the new IGT Fund has not been established when the FY2015 IGT program funds are received, to deposit receipts into the Fire Department Trust Fund 848/38, Revenue Source No. 5504 Contribution – Trust, and transfer therefrom the amount of \$9,512,324 in advanced funds to the LAFD Fund 100/38, EMS Program Account No. 001012 Salaries Sworn, in place of instructions 2.b. through 3.b. above;

5. Instruct the Fire Department and City Administrative Officer to report back, upon receipt of the FY2015 IGT program funds, on the current fiscal condition of the Fire Department budget and its EMS resource priorities; and,

6. Authorize the Fire Department to prepare Controller instructions for any technical adjustments in compliance with the intent of Council actions, subject to the approval of the City Administrative Officer, and authorize the Controller to implement the instructions.

FISCAL IMPACT STATEMENT

Approval of the recommendations within this report will require an upfront transfer of \$9.51 million, consisting of \$7.93 million in eligible Medi-Cal costs and \$1.58 million for administrative fees, from the Fire Department's Sworn Salaries Account to the California State Department of Health Care

Services (DHCS). The anticipated amount transferred back to the City from the DHCS or its contracted Health Care Plans will be \$15.37 million, including \$5.86 million in net revenues. There is no additional General Fund impact. These actions are in compliance with the City's Financial Policies in that proposed ongoing programs or services are to be supported by ongoing revenues.

MAS:JCY:04170014


Attachments

- Fire Department Report dated August 5, 2016
- Intergovernmental Transfer Program Agreements with the State of California Department of Health Care Services

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

August 5, 2016

TO: Miguel A. Santana, City Administrative Officer
Office of the City Administrative Officer

FROM:  Ralph M. Terrazas, Fire Chief
Fire Department

SUBJECT: INTERGOVERNMENTAL TRANSFER PROGRAM (C.F. 16-0530)

SUMMARY

On May 13, 2016, City Council adopted a Motion (Krekorian-Englander-Wesson; C.F. 16-0530) approving, in concept, participation in the Intergovernmental Transfer (IGT) program established by California Welfare and Institutions Code (WIC) Sections 14301.4 and 14164. The IGT enables a public entity, providing health care services to Medi-Cal managed care (HMO) beneficiaries, to transfer funds to the State Department of Health Care Services (DHCS) in support of the Medi-Cal program. These funds are used by the State DHCS to obtain increased matching funds from the federal Center for Medicare and Medicaid Services (CMS) to support Medi-Cal health care services provided by the participating public agencies. The Motion instructed the Los Angeles Fire Department (LAFD) and the Office of the City Administrative Officer (CAO) to report on: (a) the IGT program; (b) potential funding sources for transfer to the State DHCS to obtain CMS matching funds; (c) current cost of and reimbursements for providing services to Medi-Cal beneficiaries; and (d) restrictions placed on the use of revenue received by participating in the IGT.

Intergovernmental Transfer Program

Since its enactment in 1965, Medicaid has been a joint financing partnership between the states and the federal government. This provides a guarantee of federal matching funds for state expenditures for health and long-term care services for the country's low-income population. The federal government has historically paid between 57percent and 67percent of all costs incurred by states for services to Medicaid beneficiaries. Higher federal rates are provided to states with lower per capita incomes.

The state share of Medicaid spending must consist of public funds and no more than 60 percent may be from local funds. Local funds used as part of the state share of Medicaid are transferred to the state through intergovernmental transfers. IGTs are a transfer of funds from another government entity (e.g., county, city or another state agency) to the state Medicaid agency. The ability of a state to use IGTs to fund their Medicaid program is recognized in federal statute (§1903(w)(6) of the Social Security Act) and rule (42 CFR §433.51). As of 2013, 11 states (California, Georgia, Indiana,

Kansas, Massachusetts, Montana, New York, Pennsylvania, Texas, Utah, and Wisconsin) participate in an IGT program to generate increased federal Medicaid revenues. The IGT amount to the state is returned to the contributing entity along with the additional Medicaid match provided by CMS.

California WIC Section 14164 has authorized public hospitals, for at least the past 10 years, to provide intergovernmental transfers to the State DHCS in support of the Medi-Cal program. Section 14164(b)(1) states, in pertinent part,

“...The [DHCS] director may maximize available federal financial participation to provide access to services provided by hospitals that are not reimbursed by certified public expenditures...by authorizing the use of intergovernmental transfers to fund the nonfederal share of supplemental payments permitted under Section 433.51 of Title 42 of the Code of Federal Regulations or any other applicable federal Medicaid laws.”

Beginning in Fiscal Year 2013-14, a few Northern California fire agencies initiated participation in the IGT through California WIC Section 14301.4 that authorizes public entities providing health care services to,

“...make an intergovernmental transfer to the state, and the department may accept all governmental transfers from the transferring entity, for the purposes of providing support for the nonfederal share...of payments to managed care health plans to enable those plans to compensate providers designated by the transferring entity for Medi-Cal health care services and for the support of the Medi-Cal program.”

As of FY 2014-15, 11 Northern California fire agencies providing emergency medical services (EMS) and ambulance transport have participated in the IGT program. The Los Angeles Fire Department (LAFD) would be the first fire agency in Southern California to participate and potentially receive additional revenue for health care services.

Intergovernmental Transfer Funding Process

Significant elements of the program and process include:

- The State DHCS contracts with local County Medi-Cal managed care health plans (HCPs) to administer the IGT program. The DHCS processes payments to the local entities participating in the IGT program through the HCPs. The two Medi-Cal HCPs for Los Angeles County are L.A. Care Health Plan (LA Care) and Health Net Community Solutions (Health Net).
- Priority for funding is given to public entities that have participated in the IGT in previous years.

- Based on experiences of the Northern California fire agencies, the annual IGT process takes approximately 12 months to complete, including receipt of revenue payments from the contracted HCPs. Based on this timeline, it is anticipated City payments would be received by December 2016.
- The following factors are included in calculating the amounts paid to participating agencies:
 - the entity's prior year unreimbursed costs of Medi-Cal accounts covered by the contracted HCPs;
 - the number of other local governments participating in the IGTs in that County;
 - the recommendations of the HCPs;
 - 20 percent administrative fee paid to DHCS (established by WIC Section 14301.4);
 - fee (6 percent of IGT amount) paid to the contracted HCPs for administrative expenses.
- Revenues from the IGT program may not be applied as supplemental reimbursements for prior year unreimbursed costs. The funding is to be expended for health care services, preferably, during the fiscal year funds are received, but not later than the following fiscal year. City health care services that would qualify for expenditure are Fire Department activities that support emergency medical and ambulance transport services.

Below is a summary of FY 2014-15 Medi-Cal HMO accounts for which emergency medical services were provided by the LAFD. Approximately 90 percent of cost of services to Medi-Cal beneficiaries is unreimbursed either by Medi-Cal/Medicaid or private insurers.

# of Accounts	Cost @ \$1019.41/Acct.	Revenue	Unreimbursed Cost
52,724	\$53,747,373	\$5,654,738	\$48,092,635

As part of the IGT process, the HCPs notify each participating agency the maximum amount it is eligible to transfer to the state. The HCPs notified the LAFD of its eligibility to provide an IGT of \$7,926,937 for the current year program. It is anticipated that, in the future, the City would be eligible for higher IGT transfer amounts and higher Medicaid matching funds given the LAFD's acceptance into the program. Shown below is the 2016 amount to be transferred to DHCS:

2016 IGT Amount	20% Admin. Fee to DHCS	2016 Transfer Total to DHCS
\$7,926,937	\$1,585,387	\$9,512,324

Shown below is the calculation of the City's projected net revenue to be received from the IGT program:

IGT Amount (a)	Potential Federal Match (b)	Total a + b	(Fee to HCPs @ 6% IGT Amount)	Potential Total Payment to City	(Transfer Total to DHCS)	Projected Net New Revenue
\$7,926,937	\$7,926,937	\$15,853,874	(\$475,616)	\$15,378,258	(\$9,512,324)	\$5,865,934

Potential City Use of Revenue from the IGT Program

The LAFD has worked closely with the State DHCS and HCPs to complete all required steps, to date, in the IGT process. The final step is the intergovernmental transfer of \$9.5M (\$7.9M IGT + \$1.6M for 20 percent administrative fee) from the City to the DHCS, by no later than September 9, 2016, to enable federal CMS to provide matching funds.

To establish an audit trail for compliance with the program requirement that IGT revenues must be expended for health care services, it is recommended that the fund transfer to State DHCS be made from the LAFD Salaries Sworn Account. The Salaries Sworn Account would be reimbursed upon payment of IGT revenue funding to the City.

Further, it is recommended that a special fund be established to deposit monies received. City Council action would authorize transfers from this Special Fund to the appropriate Fire Department accounts to enable provision of health care services.

While the City has yet to receive the anticipated revenues, the LAFD, nonetheless, proposes that any funding received be allocated to provide Department EMS related activities that were not funded in the FY 2016-17 Adopted Budget. For City Council consideration are recommendations to fund the following LAFD activities:

- (a) Engine 209 – Twelve positions were authorized in the FY 2016-17 Budget, with no funding, to restore Engine 209 to the Central City area. This station has one of the highest call loads in the City, particularly among the homeless population.
- (b) Dispatch Upgrades – Computer Aided Dispatch (CAD) system upgrades to:
 - (i) complete integration of the Automated Vehicle Locator (AVL) system to the CAD which would allow identification of the closest unit for dispatch, reducing response times to calls for service; and
 - (ii) improve CAD system resiliency.
- (c) Fast Response Vehicle (FRV) Team – Resolution authority for one Firefighter III and one Firefighter III/Paramedic to restore the FRV assigned to the Valley

area (Sylmar). The FRV provides more rapid treatment for patients with time-critical medical emergencies, and provides an additional EMS resource to the Sylmar community.

- (d) Nurse Practitioner Response Units - Resolution authority for two EMS Nurse Practitioners and two Firefighter III/Paramedics to provide coverage in two Geographic Bureaus. The NPRUs provide mobile urgent care response and on-scene treatment to low acuity patients using the 911 system, thus, providing relief on emergency rooms, and engine and life support resources that could be made available for critical incident response.

The costs for each activity are provided below:

Activity	Direct Cost	Indirect Cost	Total
Engine 209 Staff	\$1,903,040	\$795,950	\$2,698,990
Dispatch Upgrades	\$2,300,000	--	\$2,300,000
Fast Response Staff	\$219,382	\$130,556	\$349,938
NPRU Staff	\$261,298	\$128,563	\$389,861
Total	\$4,683,720	\$1,055,069	\$5,738,789

FISCAL IMPACT

The proposed intergovernmental transfer (IGT) of approximately \$9.5M to the State Department of Health Care Services (DHCS) would be loaned from the Los Angeles Fire Department Salaries Sworn Account (\$7.9M to be matched by Medicaid + \$1.6M 20 percent administrative fee to DHCS). The Salaries Sworn Account would be reimbursed following receipt of payment from DHCS through its contracted Health Care Plans. Participation in the IGT program would potentially net \$5.8M in Medicaid revenue to be used for health care services provided by LAFD emergency medical and ambulance transport services.

RECOMMENDATIONS

That City Council, subject to approval of the Mayor:

1. Request the City Attorney to draft an ordinance establishing a special fund for the deposit of monies received from the State of California Department of Health Care Services (DHCS), or through its contracted Health Care Plans (HCPs), for the Fire Department to provide health care services, in accordance with California Welfare and Institutions Code (WIC) Section 14301.4.

2. Authorize the Controller to electronically transfer \$9,512,324 to the State Department of Health Care Services from Fund 100/38, Sworn Salaries Account 001012, **by no later than September 9, 2016.**
3. If the new special fund has not been enacted when monies are received from the State DHCS, or contracted HCPs, authorize the Controller to deposit the revenues into Fund 848, Fire Department Trust Fund, Revenue Source 5504 Contribution – Trust, and immediately transfer therefrom the amount of \$9,512,324 in advanced funds to Fund 100/38, Salaries Sworn Account 001012.
4. Approve, in concept, funding the following if sufficient funds are received from State DHCS; and instruct the Fire Department to report back on effecting fund transfers to appropriate LAFD accounts and authorizing position authorities.
 - a. Restoration of Engine 209 - 3 Engineers, 6 Firefighter III, 3 Captain
 - b. Fire Dispatch System Upgrades
 - c. Fast Response Vehicle Team - Resolution authority for one Firefighter III and one Firefighter III/Paramedic
 - d. Nurse Practitioner Units - Resolution authority for two EMS Nurse Practitioners and two Firefighter III/Paramedics
5. Authorize the City Administrative Officer or Fire Department to make technical corrections to comply with the intent of Council action on this matter.

CONTRACT #14-90687

**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 LOS ANGELES with respect to the matters set forth below.

RECITALS

A. This Agreement is made pursuant to the authority of Welfare & Institutions Code, section 14164 and 14301.4.

B. The Local Initiative Health Authority for Los Angeles County, operating as L.A. Care Health Plan (L.A. Care) is a local government authority formed pursuant to Welfare and Institutions Code sections 14087.38(b) and 14087.9605. L.A. Care is a party to a Medi-Cal managed care contract with DHCS, entered into pursuant to Welfare and Institutions Code section 14087.3, under which L.A. Care arranges and pays for the provision of covered Medi-Cal health care services to eligible Medi-Cal members residing in the County.

THEREFORE, the parties agree as follows:

AGREEMENT

1. Transfer of Public Funds

1.1 The City of Los Angeles shall transfer funds to DHCS pursuant to section 14164 and 14301.4 of the Welfare and Institutions Code, up to a maximum total amount of Seven Hundred Fifty-One Thousand Four Hundred Fifty dollars (\$751,450), to be used solely as a portion of the nonfederal share of actuarially sound Medi-Cal managed care capitation rate increases for L.A. Care for the period July 1, 2014 through June 30, 2015 as described in section 2.2 below. The funds shall be

transferred in accordance with a mutually agreed upon schedule between the City of Los Angeles and DHCS, in the amounts specified therein.

1.2 The City of Los Angeles 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. For transferring units of government that are also direct service providers, 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.

2. Acceptance and Use of Transferred Funds by DHCS

2.1 DHCS shall exercise its authority under section 14164 of the Welfare and Institutions Code to accept funds transferred by the City of Los Angeles pursuant to this Agreement as intergovernmental transfers ("IGTs"), to use for the purpose set forth in section 2.2 below.

2.2 The funds transferred by the City of Los Angeles pursuant to this Agreement shall be used to fund a portion of the nonfederal share of increases in Medi-Cal managed care actuarially sound capitation rates described in paragraph (4) of subdivision (b) of section 14301.4 of the Welfare and Institutions Code and shall be paid, together with the related federal financial participation, by DHCS to L.A. Care as part of L.A. Care's capitation rates for the period July 1, 2014 through June 30, 2015. The rate increases paid under section 2.2 shall be used for payments related to Medi-Cal services rendered to Medi-Cal beneficiaries. The rate increases paid under this section 2.2 shall be in addition to, and shall not replace or supplant, all other amounts paid or payable by DHCS or other State agencies to L.A. Care.

2.3 DHCS shall seek federal financial participation for the rate increases specified in section 2.2 to the full extent permitted by federal law.

2.4 The parties acknowledge the State DHCS will obtain any necessary approvals from the Centers for Medicare and Medicaid Services prior to the payment of any rate increase pursuant to section 2.2.

2.5 The parties agree that none of these funds, either City of Los Angeles or federal matching funds will be recycled back to the City of Los Angeles's general fund, the State, or any other intermediary organization. Payments made by the health plan to providers under the terms of this Agreement and their provider agreement constitute patient care revenues.

2.6 Within One Hundred Twenty (120) calendar days of the execution of this Agreement, DHCS shall advise the City of Los Angeles and L.A. Care of the amount of the Medi-Cal managed care capitation rate increases that DHCS paid to L.A. Care during the applicable rate year involving any funding under the terms of this Agreement.

2.7 If any portion of the funds transferred by the City of Los Angeles pursuant to this Agreement is not expended for the specified rate increases under Section 2.2, DHCS shall return the unexpended funds to the City of Los Angeles.

3. Amendments

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

3.2 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.

4. 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 CITY OF LOS ANGELES:

Ralph M. Terrazas, Fire Chief
Los Angeles Fire Department
200 N. Main Street, Room 1800
Los Angeles, CA 90012
County of Los Angeles
ralph.terrazas@lacity.org

With copies to:

June Gibson, Fire Administrator
Los Angeles Fire Department
200 N. Main Street, Room 1630
Los Angeles, CA 90012
County of Los Angeles
june.gibson@lacity.org

To DHCS:

Sandra Dixon
California Department of Health Care Services
Capitated Rates Development Division
1501 Capitol Ave., Suite 71-4002
MS 4413
Sacramento, CA 95814

5. Other Provisions

5.1 This Agreement contains the entire Agreement between the parties with respect to the Medi-Cal rate increases for L.A. Care described in section 2.2 that are funded by the City of Los Angeles and supersedes any previous or contemporaneous oral or written proposals, statements, discussions, negotiations or other agreements between the City of Los Angeles and DHCS. 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. One or more other agreements already exist between the parties regarding such other matters, and other agreements may be entered into in the future. This Agreement shall not modify the terms of any other agreement between the parties.

5.2 The nonenforcement 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.

5.3 Section 2 of this Agreement shall survive the expiration or termination of this Agreement.

5.4 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.

5.5 Time is of the essence in this Agreement.

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

6. 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.

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

8. Term. This Agreement shall be effective as of July 1, 2014 and shall expire as of June 30, 2017 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 LOS ANGELES

By: *Ralph M. Terrazas*

Date: 6/13/14

Ralph M. Terrazas, Fire Chief, Los Angeles Fire Department

THE STATE OF CALIFORNIA, DEPARTMENT OF HEALTH CARE SERVICES:

By: _____

Date: _____

Jennifer Lopez, Acting Division Chief, Capitated Rates Development Division

INTERGOVERNMENTAL TRANSFER ASSESSMENT FEE

This Agreement is entered into between the CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES ("State DHCS") and the CITY OF LOS ANGELES with respect to the matters set forth below.

RECITALS

A. This Agreement is made pursuant to the authority of Welfare & Institutions Code, section 14301.4.

THEREFORE, the parties agree as follows:

AGREEMENT

1. Transfer of Public Funds

1.1 CITY OF LOS ANGELES shall make Intergovernmental Transfer(s) ("IGTs") to State DHCS pursuant to section 14164 of the Welfare and Institutions Code and paragraph 1.1 of the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds contract number 14-90687, to be used as a portion of the non-federal share of actuarially sound Medi-Cal managed care rate range capitation increases ("non-federal share IGT") to the LOCAL INITIATIVE HEALTH AUTHORITY FOR LOS ANGELES COUNTY, OPERATING AS L.A. CARE HEALTH PLAN (L.A. CARE) for the period of July 1, 2014 to June 30, 2015.

1.2 The parties acknowledge that State DHCS will obtain any necessary approvals from the Centers for Medicare and Medicaid Services ("CMS") pertaining to the acceptance of non-federal share IGTs and the payment of non-federal share IGT related rate range capitation increases to L.A. CARE.

2. Intergovernmental Transfer Assessment Fee

2.1 The State DHCS shall, upon acceptance of non-federal share IGTs pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, and as described in paragraph 1 of this Agreement, exercise its authority under section 14301.4 of the Welfare and Institutions Code to assess a 20-percent assessment fee on the entire amount of the non-federal share IGTs to reimburse State DHCS for the administrative costs of operating the IGT program pursuant to this section and for the support of the Medi-Cal program.

2.2 The funds subject to the 20-percent assessment fee shall be limited to non-federal share IGTs made by the transferring entity, CITY OF LOS ANGELES, pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, and as described in paragraph 1 of this Agreement.

2.3 The 20-percent fee will be assessed on the entire amount of the non-federal share IGTs pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, and as described in paragraph 1 of this Agreement, and will be made in addition to, and transferred separately from, the transfer of funds pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds.

2.4 The 20-percent assessment fee pursuant to this Agreement is non-refundable and shall be wired to State DHCS separately from, and simultaneous to, the non-federal share IGTs pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, and as described in paragraph 1 of this Agreement. However, if any portion of the non-federal share IGTs is not expended for the specified rate increases stated in paragraph 2.2 of the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, DHCS shall return a proportionate amount of the 20-percent assessment fee to the CITY OF LOS ANGELES.

3. Other Provisions

3.1 This Agreement contains the entire Agreement between the parties with respect to the 20-percent assessment fee on non-federal share IGTs pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, and as described in paragraph 1, and supersedes any previous or contemporaneous oral or written proposals, statements, discussions, negotiations or other agreements between the transferring entity and State DHCS. 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. One or more other agreements may exist between the parties regarding such other matters, and other agreements may be entered into in the future. This Agreement shall not modify the terms of any other agreement between the parties.

3.2 Time is of the essence in this Agreement.

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

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

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

SIGNATURES

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

CITY OF LOS ANGELES:

By:  Date: 

Ralph M. Terrazas, Fire Chief, Los Angeles Fire Department

THE STATE OF CALIFORNIA, DEPARTMENT OF HEALTH CARE SERVICES:

By: _____ Date: _____

Jennifer Lopez, Acting Division Chief, Capitated Rates Development Division

**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 LOS ANGELES with respect to the matters set forth below.

RECITALS

A. This Agreement is made pursuant to the authority of Welfare & Institutions Code, section 14164 and 14301.4.

B. The Health Net of California, Inc. (Health Net) is a Medi-Cal Managed Care Plan formed pursuant to Health and Safety Code Section 1349 et seq. Health Net is a party to a Medi-Cal managed care contract with DHCS, entered into pursuant to Welfare and Institutions Code section 14087.3, under which Health Net arranges and pays for the provision of covered Medi-Cal health care services to eligible Medi-Cal members residing in the County.

THEREFORE, the parties agree as follows:

AGREEMENT

1. Transfer of Public Funds

1.1 The City of Los Angeles shall transfer funds to DHCS pursuant to section 14164 and 14301.4 of the Welfare and Institutions Code, up to a maximum total amount of Seven Million, One Hundred Seventy-Five Thousand, Four Hundred Eighty-Seven Dollars (\$7,175,487), to be used solely as a portion of the nonfederal share of actuarially sound Medi-Cal managed care capitation rate increases for Health Net for the period July 1, 2014 through June 30, 2015 as described in section 2.2 below. The funds shall be transferred in accordance with a mutually agreed upon schedule between the City of Los Angeles and DHCS, in the amounts specified therein.

1.2 The City of Los Angeles 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. For transferring units of government that are also direct service providers, 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.

2. Acceptance and Use of Transferred Funds by DHCS

2.1 DHCS shall exercise its authority under section 14164 of the Welfare and Institutions Code to accept funds transferred by the City of Los Angeles pursuant to this Agreement as intergovernmental transfers ("IGTs"), to use for the purpose set forth in section 2.2 below.

2.2 The funds transferred by the City of Los Angeles pursuant to this Agreement shall be used to fund a portion of the nonfederal share of increases in Medi-Cal managed care actuarially sound capitation rates described in paragraph (4) of subdivision (b) of section 14301.4 of the Welfare and Institutions Code and shall be paid, together with the related federal financial participation, by DHCS to Health Net as part of Health Net's capitation rates for the period July 1, 2014 through June 30, 2015. The rate increases paid under section 2.2 shall be used for payments related to Medi-Cal services rendered to Medi-Cal beneficiaries. The rate increases paid under this section 2.2 shall be in addition to, and shall not replace or supplant, all other amounts paid or payable by DHCS or other State agencies to Health Net.

2.3 DHCS shall seek federal financial participation for the rate increases specified in section 2.2 to the full extent permitted by federal law.

2.4 The parties acknowledge the State DHCS will obtain any necessary approvals from the Centers for Medicare and Medicaid Services prior to the payment of any rate increase pursuant to section 2.2.

2.5 The parties agree that none of these funds, either City of Los Angeles or federal matching funds will be recycled back to the City of Los Angeles' general fund, the State, or any other intermediary organization. Payments made by the health plan to providers under the terms of this Agreement and their provider agreement constitute patient care revenues.

2.6 Within One Hundred Twenty (120) calendar days of the execution of this Agreement, DHCS shall advise the City of Los Angeles and Health Net of the amount of the Medi-Cal managed care capitation rate increases that DHCS paid to Health Net during the applicable rate year involving any funding under the terms of this Agreement.

2.7 If any portion of the funds transferred by the City of Los Angeles pursuant to this Agreement is not expended for the specified rate increases under Section 2.2, DHCS shall return the unexpended funds to the City of Los Angeles.

3. Amendments

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

3.2 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.

4. 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 City of Los Angeles:

Ralph M. Terrazas, Fire Chief
Los Angeles Fire Department
200 N. Main Street, Room 1800
Los Angeles, CA 90012
County of Los Angeles
ralph.terrazas@lacity.org

With copies to:

June Gibson, Fire Administrator
Los Angeles Fire Department
200 N. Main Street, Room 1630
Los Angeles, CA 90012
County of Los Angeles
june.gibson@lacity.org

To DHCS:

Sandra Dixon
California Department of Health Care Services
Capitated Rates Development Division
1501 Capitol Ave., Suite 71-4002
MS 4413
Sacramento, CA 95814

5. Other Provisions

5.1 This Agreement contains the entire Agreement between the parties with respect to the Medi-Cal rate increases for Health Net described in section 2.2 that are funded by the City of Los Angeles and supersedes any previous or contemporaneous oral or written proposals, statements, discussions, negotiations or other agreements between the City of Los Angeles and DHCS. 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. One or more other agreements already exist between the parties regarding such other matters, and other agreements may be entered into in the future. This Agreement shall not modify the terms of any other agreement between the parties.

5.2 The nonenforcement 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.

5.3 Section 2 of this Agreement shall survive the expiration or termination of this Agreement.

5.4 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.

5.5 Time is of the essence in this Agreement.

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

6. 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.

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

8. Term. This Agreement shall be effective as of July 1, 2014 and shall expire as of June 30, 2017 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 LOS ANGELES

By: Ralph M. Terrazas

Date: 6/21/14

Ralph M. Terrazas, Fire Chief, Los Angeles Fire Department

THE STATE OF CALIFORNIA, DEPARTMENT OF HEALTH CARE SERVICES:

By: _____

Date: _____

Jennifer Lopez, Acting Division Chief, Capitated Rates Development Division

INTERGOVERNMENTAL TRANSFER ASSESSMENT FEE

This Agreement is entered into between the CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES ("State DHCS") and the CITY OF LOS ANGELES with respect to the matters set forth below.

RECITALS

A. This Agreement is made pursuant to the authority of Welfare & Institutions Code, section 14301.4.

THEREFORE, the parties agree as follows:

AGREEMENT

1. Transfer of Public Funds

1.1 CITY OF LOS ANGELES shall make Intergovernmental Transfer(s) ("IGTs") to State DHCS pursuant to section 14164 of the Welfare and Institutions Code and paragraph 1.1 of the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds contract number 14-90692, to be used as a portion of the non-federal share of actuarially sound Medi-Cal managed care rate range capitation increases ("non-federal share IGT") to HEALTH NET OF CALIFORNIA, INC. for the period of July 1, 2014 to June 30, 2015.

1.2 The parties acknowledge that State DHCS will obtain any necessary approvals from the Centers for Medicare and Medicaid Services ("CMS") pertaining to the acceptance of non-federal share IGTs and the payment of non-federal share IGT related rate range capitation increases to HEALTH NET OF CALIFORNIA, INC.

2. Intergovernmental Transfer Assessment Fee

2.1 The State DHCS shall, upon acceptance of non-federal share IGTs pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, and as described in paragraph 1 of this Agreement, exercise its authority under section 14301.4 of the Welfare and Institutions Code to assess a 20-percent assessment fee on the entire amount of the non-federal share IGTs to reimburse State DHCS for the administrative costs of operating the IGT program pursuant to this section and for the support of the Medi-Cal program.

2.2 The funds subject to the 20-percent assessment fee shall be limited to non-federal share IGTs made by the transferring entity, CITY OF LOS ANGELES, pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, and as described in paragraph 1 of this Agreement.

2.3 The 20-percent fee will be assessed on the entire amount of the non-federal share IGTs pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, and as described in paragraph 1 of this Agreement, and will be made in addition to, and transferred separately from, the transfer of funds pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds.

2.4 The 20-percent assessment fee pursuant to this Agreement is non-refundable and shall be wired to State DHCS separately from, and simultaneous to, the non-federal share IGTs pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, and as described in paragraph 1 of this Agreement. However, if any portion of the non-federal share IGTs is not expended for the specified rate increases stated in paragraph 2.2 of the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, DHCS shall return a proportionate amount of the 20-percent assessment fee to the CITY OF LOS ANGELES.

3. Other Provisions

3.1 This Agreement contains the entire Agreement between the parties with respect to the 20-percent assessment fee on non-federal share IGTs pursuant to the Intergovernmental Agreement(s) Regarding the Transfer of Public Funds, and as described in paragraph 1, and supersedes any previous or contemporaneous oral or written proposals, statements, discussions, negotiations or other agreements between the transferring entity and State DHCS. 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. One or more other agreements may exist between the parties regarding such other matters, and other agreements may be entered into in the future. This Agreement **shall not** modify the terms of any other agreement between the parties.

3.2 Time is of the essence in this Agreement.

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

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

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

SIGNATURES

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

CITY OF LOS ANGELES:

By: Ralph M. Terrazas

Date: 6/21/16

Ralph M. Terrazas, Fire Chief, Los Angeles Fire Department

THE STATE OF CALIFORNIA, DEPARTMENT OF HEALTH CARE SERVICES:

By: _____

Date: _____

Jennifer Lopez, Acting Division Chief, Capitated Rates Development Division