



City of Huntington Beach

File #: 23-949

MEETING DATE: 11/7/2023

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Al Zelinka, City Manager

VIA: Scott M. Haberle, Fire Chief

PREPARED BY: Jeff Lopez, Fire Division Chief
Bonnie To, Principal Management Analyst

Subject:

Approve and authorize execution of an agreement between the California Department of Health Care Services (DHCS) and City of Huntington Beach; authorize designated City staff to execute the agreement; and , approve an appropriation of \$2,282,450 for the agreement during FY 23/24

Statement of Issue:

City Council is requested to approve and authorize execution of an agreement between the California Department of Health Care Services (DHCS) and City of Huntington Beach to participate in the Voluntary Rate Range Intergovernmental Transfer Program (VRRP IGT) to help recover unreimbursed City costs for service to CalOptima patients.

City Council is also requested to designate and authorize the City Manager, Chief Financial Officer, and/or Fire Chief to sign the agreement to obtain funding as stated in the agreement between DHCS and City of Huntington Beach and approve an appropriation of \$2,282,450 to execute the agreement.

Financial Impact:

A new appropriation of \$2,282,450 to business unit 10065403 is requested pursuant to Exhibit 1 of the attached agreement. Sufficient funding is available for this request from the planned FY 2023/24 year-end General Fund surplus.

With this agreement and Huntington Beach's payment of \$2,282,450, it is anticipated that an estimated \$5,525,810 in funds will be distributed to Huntington Beach, resulting in a net revenue of approximately \$3,243,360 for additional reimbursement of Medi-Cal Managed Care services that were incurred and unreimbursed for the service period of January 1, 2022 through December 31, 2022.

Recommended Action:

- A) Approve and authorize execution of an agreement between the California Department of Health Care Services (DHCS) and City of Huntington Beach; and
- B) Authorize the designation of the City Manager, Chief Financial Officer, and/or Fire Chief to execute the agreement; and
- C) Approve an appropriation of \$2,282,450 to business unit 10065403 as required by the agreement.

Alternative Action(s):

Do not approve the recommended action(s), and direct staff accordingly.

Analysis:

Background

In March of 2023, the Fire Department and Finance Department reached out to CalOptima to inquire about our potential participation in their Voluntary Rate Range Intergovernmental Transfer Program (VRRP IGT) to help recover unreimbursed City costs for service to CalOptima patients. During FY 22/23, the City was notified of eligibility to participate in the VRRP IGT.

Per the CalOptima Health Board of Directors Regular Meeting Minutes, dated September 7, 2023:

The Voluntary Rate Range IGT program allows DHCS and CalOptima Health to secure additional Medi-Cal dollars for eligible Orange County entities. For each IGT transaction, DHCS identifies the estimated member months for rate categories (e.g., adult, adult optional expansion, child, long term care, seniors and persons with disabilities, and whole child model) and provides the total amount available for Orange County to contribute through funding entities. To receive funds, entities provide a dollar amount to DHCS, which is then used to obtain a federal match. DHCS distributes the funds and the match to the eligible entities through CalOptima Health. To date, CalOptima Health has participated in eleven Voluntary Rate Range IGT transactions.

The City's ongoing participation in the program is dependent on available federal funding for the program and the City's ability to provide the upfront contribution required. The contribution and net revenue received annually by the City is also dependent on other factors, such as the number of program participants in the County and number of Medi-Cal calls for service.

The City of Newport Beach and the City of Orange have participated in the VRRP IGT for over five years and have received net revenue. Other entities eligible for this year's VRRP IGT through CalOptima include: First 5 Orange County, Orange County Health Care Agency, and UCI Health.

Recommended Action:

If City Council approves the recommended actions, the agreement with DHCS would require an upfront payment of \$2,282,450. Once paid, an estimated \$5,525,810 will be disbursed to Huntington Beach within approximately 60 days through CalOptima, for a net revenue of approximately \$3,243,360. The 60-day time estimate is based on the actual transfer dates of last year's VRRP IGT. The required upfront payment and subsequent disbursement from CalOptima are calculated below

and are based on Medi-Cal managed care services provided by the City during the January 1, 2022 - December 31, 2022 period:

\$1,902,041 Estimated Contribution (Non-Federal Share) that Huntington Beach Pays
+ \$ 380,409 20% DHCS Fee that Huntington Beach Pays
\$2,282,450 Total Amount that Huntington Beach Pays (New Appropriations Request)

\$5,525,810 Estimated Disbursement to Huntington Beach after CalOptima's 2% Share
- \$2,282,450 Total Amount that Huntington Beach Pays
\$3,243,360 Estimated Net Revenue that Huntington Beach Receives (98% Share)

The agreement was emailed to Huntington Beach on October 16, 2023 and is required to be executed on or before November 24, 2023 per DHCS. The upfront payment of \$2,282,450 from Huntington Beach to DHCS is due by February 16, 2024.

The amount the City initially transfers shall be calculated using the Estimated Member Months (refer to Exhibit 1 in IGT Agreement Regarding Transfer of Public Funds with DHCS), which will be reconciled to actual enrollment 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 figures are made available. If, after the enrollment reconciliation, there is an increase to the amount needed to fund the nonfederal share, the City will be required to transfer additional funds to cover the difference. If, after the reenrollment reconciliation there is a decrease to the amount needed to fund the nonfederal share, the City can choose to receive the additional funds from DHCS. If mutually agreed upon by DHCS and the City, amounts due to or owed by City may be offset against future transfers. Actual enrollment figures for this IGT capitation rate period will be considered final two years after December 31, 2022.

In addition, the City of Huntington Beach would need to sign a separate agreement with CalOptima regarding the payment of the estimated \$5,525,810 from CalOptima to Huntington Beach (CalOptima agreement). CalOptima did not send their finalized CalOptima agreement to the City by the time this staff report was issued; therefore, staff will bring back a future Request for Council Action agenda item within FY 2023/24 to receive the \$5,525,810.

Environmental Status:

This action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

Strategic Plan Goal:

Goal 2 - Fiscal Stability, Strategy A - Consider new revenue sources and opportunities to support the City's priority initiatives and projects.

Attachment(s):

1. Agreement between the California Department of Health Care Services (DHCS) and City of Huntington Beach
2. CalOptima Health Board of Directors Regular Meeting Minutes dated 09/07/2023
3. VRRP IGT PowerPoint

Minutes

City Council/Public Financing Authority City of Huntington Beach

Tuesday, November 7, 2023

4:00 PM — Council Chambers

6:00 PM — Council Chambers

Civic Center, 2000 Main Street

Huntington Beach, California 92648

A video recording of the 4:00 PM and 6:00 PM portions of this meeting
is on file in the Office of the City Clerk, and archived at
www.surfcity-hb.org/government/agendas/

4:00 PM — COUNCIL CHAMBERS

CALLED TO ORDER — 4:01 PM

ROLL CALL

Present: Kalmick, Natalie Moser, Van Der Mark, Strickland, McKeon, Bolton, and Burns

Absent: None

City Manager Al Zelinka was granted permission to be absent pursuant to City Charter Section 400.

CITY COUNCILMEMBER COMMENTS (3-Minute Time Limit)

Mayor Strickland and Councilmembers Burns and McKeon honored the ISA World Para Surfing Event; Councilmember Moser recognized the passing of beloved community member Diane Dwyer of the Assistance League, and Jan Tyler, former member of the Human Relations Task Force; Councilmember Bolton acknowledged November as Native American Heritage Month; and, Councilmember McKeon recognized World Series winner Texas Rangers Relief Pitcher and Huntington Beach resident Ian Kennedy.

ANNOUNCEMENT OF SUPPLEMENTAL COMMUNICATIONS PERTAINING TO CLOSED SESSION ITEMS (Received After Agenda Distribution):

Pursuant to the Brown "Open Meetings" Act, City Clerk Robin Estanislau announced supplemental communications that were received by her office following distribution of the Council Agenda packet, which were all uploaded to the City's website and Councilmember iPads:

Closed Session: Item #5 — One (1) e-mail communication.

PUBLIC COMMENTS (3-Minute Time Limit) — 3 Speakers

The number [hh:mm:ss] following the speakers' comments indicates their approximate starting time in the archived video located at <http://www.surfcity-hb.org/government/agendas/>.

Shirley Dettloff was called to speak and stated her concern regarding Closed Session Items #4 Public Employee Appointment for City Manager, and #5 Public Employee Performance Evaluation of the City

16. 23-939 Approved and authorized execution of a contract between the City of Huntington Beach and Wittman Enterprises, LLC to provide billing services for emergency paramedic and ambulance services

A motion was made by Strickland, second Van Der Mark to approve and authorize the Mayor and City Clerk to execute the "Professional Services Contract Between the City of Huntington Beach and Wittman Enterprises, LLC for Billing Services for Emergency Paramedic and Ambulance Service" in an amount not to exceed \$1,400,000 over three years.

The motion carried by the following roll call vote:

AYES: Kalmick, Natalie Moser, Van Der Mark, Strickland, McKeon, Bolton, and Burns
NOES: None

17. 23-949 Approved and authorized execution of an agreement between the California Department of Health Care Services (DHCS) and City of Huntington Beach; authorized designated City staff to execute the agreement; and approved an appropriation of \$2,282,450 for the agreement during FY 23/24?

Councilmember McKeon pulled this item to invite Fire Chief Haberle to provide details on the benefits of this program. Division Chief Lopez, the staff member responsible for bringing this opportunity forward, presented a PowerPoint communication titled *Voluntary Rate Range IGT Program (VRRP IGT)* with slides entitled: *Recommendation; Background (2); Steps; Future; and Questions.*

A motion was made by Strickland, second Kalmick to approve and authorize execution of an agreement between the California Department of Health Care Services (DHCS) and City of Huntington Beach; and authorize the designation of the City Manager, Chief Financial Officer, and/or Fire Chief to execute the agreement; and approve an appropriation of \$2,282,450 to business unit 10065403 as required by the agreement.

The motion carried by the following roll call vote:

AYES: Kalmick, Natalie Moser, Van Der Mark, Strickland, McKeon, Bolton, and Burns
NOES: None

HUMAN RESOURCES

18. 23-962 Adopted Resolution No. 2023-57 authorizing the City Manager to submit disability applications for all members of the Public Employees Retirement System (PERS) and make determinations of disability for local safety members

A motion was made by Strickland, second Van Der Mark to adopt Resolution No. 2023-57, "A Resolution of the City Council of the City of Huntington Beach authorizing the City Manager to submit disability applications for all members of the Public Employees Retirement System and make determinations of disability for local safety members", and repeal Resolution No. 2016-43.

The motion carried by the following roll call vote:

AYES: Kalmick, Natalie Moser, Van Der Mark, Strickland, McKeon, Bolton, and Burns
NOES: None