



## County of Santa Cruz Board of Supervisors

### Agenda Item Submittal

**From:** Health Services Agency

**Subject:** Statewide Host County for Medi-Cal Administrative Activities and Targeted Case Management Programs

**Meeting Date:** May 6, 2025

**Formal Title:** Authorize Health Services Agency to serve as Host County for all Medi-Cal Administrative Activities and Targeted Case Management programs for three fiscal years, approve two agreements for County-Based Medi-Cal Administrative Activities and/or Targeted Case Management and Mental Health Medi-Cal Administrative Activities programs, and take related actions

### Recommended Actions

- 1) Authorize the Health Services Agency to serve as Host County for all Medi-Cal Administrative Activities and Targeted Case Management programs for an additional three years, Fiscal Year 2025-26 through Fiscal Year 2027-28, accepting pass-through revenue from Local Government Agencies to be paid to the California Department of Health Care Services through affiliated revenue and expenditure agreements;
- 2) Approve Master revenue agreement with various Local Government Agencies, Contract No. 26R0238, for County-Based Medi-Cal Administrative Activities and/or Targeted Case Management for Fiscal Years 2025-26 through 2027-28, and authorize the Health Services Agency Director or designee to sign; and
- 3) Approve Master revenue agreement with various Local Government Agencies, Contract No. 26R0239 for Mental Health Medi-Cal Administrative Activities for Fiscal Years 2025-26 through 2027-28, and authorize the Health Services Agency Director or designee to sign.

### Executive Summary

The Health Services Agency (HSA) has been serving as the Host County for statewide Medi-Cal Administrative Activities (MAA) and Targeted Case Management (TCM) programs since Fiscal Year (FY) 2019-20. HSA requests Board authorization to serve as the Host County for an additional three years, FY 2025-26 through FY 2027-28. Additionally, HSA requests Board approval of two Master revenue agreements to accept revenues from Local Government Agencies (LGAs) for Host County Services, which will span three fiscal years, from July 1, 2025, through June 30, 2028. This State pass-through revenue is transmitted to the California Department of Health Care Services (DHCS) through a trust fund transfer. HSA will continue to retain \$100,000 of participation fee revenue annually as a stipend for its services as administrator and fiscal intermediary.

### Discussion

On April 26, 2022, the Board authorized HSA to serve an additional three-year term as the Host County for statewide MAA/TCM programs, assuming the function of the prior Host, Plumas County, since 2019. The Host County accepts pass-through revenue from

up to 61 statewide LGAs to be paid to the California Department of Health Care Services (DHCS) through separate agreements.

As the MAA/TCM Host, HSA is a member of the statewide Consortium Executive Committee, whose role is to work with DHCS to implement policy and procedures for the MAA and TCM programs. Serving in this capacity allows HSA to provide input and consultation regarding policy and program changes that impact county MAA and TCM programs across California. Santa Cruz County has one of the most robust MAA and TCM programs in the State, with plans to further optimize revenue in these areas. Serving as Host County allows HSA to provide feedback to DHCS that will assist in efficient and proper administration of these statewide programs, which in turn optimizes the programs and revenues for 30 organization units within Santa Cruz County currently receiving funds through the MAA/TCM programs.

The Host County accepts participation fees from Chartered Cities and County LGAs that will receive reimbursements from DHCS for MAA and TCM activities. These fees are deposited into a trust fund account as pass-through revenue transmitted to DHCS for its role in administering the statewide programs. Each participating LGA must have an agreement with the Host County in order to participate in the MAA Consortium and for Santa Cruz County to act as Host County on their behalf. The Host County provides the fiscal intermediary service between the State and the LGAs for collecting and distributing participation fees for Medi-Cal activities under MAA or TCM programs. HSA will retain \$100,000, or other agreed on amount, of participation fee revenue as a stipend for its services as administrator and fiscal intermediary.

In California, federal funding for Medi-Cal programs is administered by DHCS. MAA and TCM funding programs reimburse counties, chartered cities, and their associated contractors, the federal share of local public expenditures for non-clinical activities and services to benefit the Medi-Cal program and its population. CA Welfare & Institutions Code, Sections 14132.44 and 14132.47 and associated State regulations require LGAs to pay an annual participation fee to a Host County for the coordination of federal funding reimbursements administered by DHCS. In turn, each LGA receives revenues from DHCS for provision of MAA and TCM programs.

With Board approval, HSA will execute these agreements with various LGAs providing for HSA to act as the Host County for the new three-year term. The annual fiscal amounts of these contracts are effectively zero dollars, because through these agreements, HSA accepts pass-through revenues from the LGAs and transmits the funds to DHCS through a trust fund transfer.

The primary Host County contract with DHCS is expenditure Contract No. 26H0169 in the amount of \$2,025,000 annually for three years, totaling \$6.75 million dollars. HSA will return to the Board with this contract in its final form once it is received by the State.

HSA's operation of MAA and TCM programs support health care programming delivered to Medi-Cal beneficiaries served in HSA's Federally Health Qualified Health Center clinics and residents throughout Santa Cruz County as needed. As the host administrator for the LGA Consortium, HSA supports MAA and TCM programs statewide.

### **Financial Impact**

For three fiscal years, beginning 2025-26, HSA will act as a fiscal intermediary between up to 61 LGAs who are Counties and Chartered Cities participating in MAA and TCM programs through two Master revenue agreements, Contract No. 26R0238 for CMAA-TCM, and Contract No. 26R0239 for MHMAA, under accounts 360120/42384 and

360150/42010. Per the terms of these revenue contracts, the fees will also provide funding for HSA to: 1) manage various expenditure contracts with consultants providing MAA fiscal administration services; and 2) for HSA to retain an annual stipend in the amount of \$100,000, or other mutually agreed up amount.

The CMAA-TCM/MHMAA programs are federal cost reimbursement programs originating from the Center of Medicaid Services (CMS). The reimbursement is paid from CMS through DHCS, who in turn reimburses the LGAs. The potential fiscal impact of these Master revenue agreements is the \$100,000 annual stipend. The program involves no County General Funds.

**Strategic Initiatives**

Operational Plan - Comprehensive Health & Safety

**Submitted By:**

Monica Morales, Director of Health Services

**Recommended By:**

Carlos J. Palacios, County Executive Officer

**Artificial Intelligence Acknowledgment:**

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.