



# Health & Human Services Agency

## COUNTY OF TULARE AGENDA ITEM

### BOARD OF SUPERVISORS

LARRY MICARI  
District One

PETE VANDER POEL  
District Two

AMY SHUKLIAN  
District Three

EDDIE VALERO  
District Four

DENNIS TOWNSEND  
District Five

**AGENDA DATE:** October 24, 2023

Public Hearing Required	N/A
Scheduled Public Hearing w/Clerk	N/A
Published Notice Required	N/A
Advertised Published Notice	N/A
Meet & Confer Required	N/A
Budget Transfer (Aud 308) attached	N/A
Personnel Resolution attached	N/A
Agreement(s) attached	Yes

CONTACT PERSON: Natalie Bolin, DSW, LCSW    PHONE: 559-624-8000

**SUBJECT:** Approve the required Intergovernmental Transfer Agreements to meet Californian Advancing and Innovating Medi-Cal Payment Reform changes with the State of California Department of Health Care Services

**REQUEST(S):**

That the Board of Supervisors:

1. Approve the required Intergovernmental Transfer Agreement with the State of California Department of Health Care Services to govern manual transfers for specialty mental health services, retroactive from July 1, 2023, through December 31, 2026. This agreement is retroactive due to the timing in receiving the agreement from the State; making it impracticable for the Board to take action prior to July 1, 2023.
2. Find that the Board had the authority to enter into the agreement as of July 1, 2023, and that it is in the County's best interest to enter into the agreement on that date.
3. Authorize the Chair of the Board to sign the Specialty Mental Health Intergovernmental Transfer Agreement.
4. Approve the required Intergovernmental Transfer Agreement with the State of California Department of Health Care Services to govern manual transfers for Drug-Medi-Cal Organized Delivery System services, retroactive from July 1, 2023, through December 31, 2026. This agreement is retroactive due to the timing in receiving the agreement from the State; making it impracticable for the Board to take action prior to July 1, 2023.
5. Find that the Board had the authority to enter into the agreement as of July 1, 2023, and that it is in the County's best interest to enter into the agreement on that date.

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6. Authorize the Chair of the Board to sign the Drug Medi-Cal Organized Delivery System Intergovernmental Transfer Agreement.
7. Authorize the Director of Mental Health's submission of the Department of Health Care Services Form 7210 and affiliated Intergovernmental Fund Transfer documents to the California Department of Health Care Services.
8. Ratify the Director of Mental Health's signature on the Department of Health Care Services Form 7210.
9. Authorize the Director of Mental Health or their designee to transfer allowable funds to the California Department of Health Care Services County Funds Account to facilitate claiming of Medi-Cal Patient Care Revenues.

**SUMMARY:**

California Advancing and Innovating Medi-Cal (CalAIM) is a multi-year California Department of Health Care Services initiative to improve the quality of life and health outcomes of the County population by implementing a broad delivery system, program, and payment reform across the Medi-Cal program, which includes multi-year initiatives that are intended to transform the Medi-Cal system of care. The behavioral health components of CalAIM are designed to support whole-person, integrated care; move the administration of Medi-Cal behavioral health to a more consistent and seamless system by reducing complexity and increasing flexibility; and improve quality outcomes, reduce health disparities, and drive delivery system transformation and innovation through improvements to behavioral health policies and the launch of behavioral health payment reform.

A component of CalAIM consists of payment reform, which includes the transition of Medi-Cal payments for services to an Intergovernmental Fund Transfer (IGT), to reduce complexity and reform how behavioral health services are reimbursed. Behavioral Information Notice (BHIN) 23-026 was published detailing the transition from certified public expenditure-based reimbursement methodology to IGT-based payments, covering specialty mental health and substance use disorder (SUD) treatment services. Tulare County Mental Health Branch (TCMH) is submitting this item as a request to maintain compliance with the new IGT protocol for reimbursement of its services.

Counties are required to transfer funds that are eligible to be used for matching federal funds to the IGT account before being paid the full reimbursement for services, in accordance with federal requirements at Subpart B of Title 42 CFR Part 433. Eligible funds include the Local Revenue Fund, Mental Health Services Fund, and Local Revenue Fund 2011 are eligible to draw down federal funds. Patient care revenues received from programs such as Medicare and Medi-Cal are considered provider revenue once received, and the revenue is a permissible source of the nonfederal share so long as there is no prearranged earmarking of the Medi-Cal revenue for that purpose. Funds within the IGT account will also earn interest, which counties are required to track, report, and allocate the interest to each restricted funding source proportionally. Counties must also ensure that funds, including interest earned on those funds, are used for the

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purposes outlined in State law. Counties must ensure that the use of restricted funds for allowable expenditures is appropriately documented demonstrating the appropriate use of restricted funding sources.

The transfer amount must be sufficient to cover the county share of approved service payments of approved claims before the State will pay the County the service amount, including the Federal, State, and County share.

Two options have been provided to counties for the fund transfer to the IGT account: manual transfer, where the county determines which funds to transfer, and automatic withholding, where the State funds the account directly from a fixed percentage of allowable behavioral health revenue funds. Tulare County is opting into a manual transfer, which will require regular transfers to ensure funds are available to draw down the federal match. In addition, counties are required to execute IGT agreements that govern their selected transfer choice for both their SMHS and SUD programs.

The State Budget for Fiscal Year 2023/2024 approved a one-time State General Fund allocation of \$250 million, which will fund the initial transfer amount for counties. The allocation was split between counties on a percentage basis commensurate with annual claims. TCMH is requesting to ratify the Director of Mental Health's submission of the Department of Health Care Services Form 7210. The Mental Health Director signed the Form 7210 on August 9, 2023, to be in compliance with Tulare County's CalAIM Behavioral Health Quality Improvement Program (BHQIP) deliverables.

The following terms deviate substantively from the standard County boilerplate: 1) The County must sign first; 2) The agreements are multi-year; and 3) In the event of a dispute arising under this agreement, including but not limited to disputes related to the CFA report, the County must submit an appeal letter to DHCS. Such appeal letter must be submitted within 120 calendar days of receipt of the CFA report or other relevant documentation. The dispute letter must set forth the relevant facts and explanation of the dispute.

**FISCAL IMPACT/FINANCING:**

This request will enable Tulare County Mental Health Branch to claim and be reimbursed for Medi-Cal revenues.

**LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:**

The County's strategic plan includes the Quality of Life Initiative that encourages the innovative provision of quality supportive services for at-risk adults, youth, and children in state and federally-mandated programs. This agreement increases the ability to fulfill that obligation by providing the funding mechanism to cover mental health and substance use disorder services in assessing and treating community members' mental health concerns and conditions by the County of Tulare.

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**ADMINISTRATIVE SIGN-OFF:**

/s/Natalie Bolin, DSW, LCSW

Natalie Bolin, DSW, LCSW

Director of mental Health

Cc: County Administrative Office

Attachments: Agreements