



# COUNTY OF SAN DIEGO

## BOARD OF SUPERVISORS

1600 PACIFIC HIGHWAY, ROOM 335, SAN DIEGO, CALIFORNIA 92101-2470

### AGENDA ITEM

**DATE:** July 16, 2024

**15**

**TO:** Board of Supervisors

#### **SUBJECT**

**RECEIVE AND ACCEPT THE PRELIMINARY REPORT INCREASING MEDI-CAL REIMBURSEMENT RATES TO IMPROVE HEALTHCARE FOR NEARLY 1 MILLION SAN DIEGANS (DISTRICTS: ALL)**

#### **OVERVIEW**

Medicaid, known as Medi-Cal in California, is a vital government program that provides healthcare coverage to low-income individuals and families throughout the state. It is jointly funded by the federal and state governments and plays a crucial role in ensuring access to healthcare services for nearly a million people in San Diego County. Medi-Cal offers a wide range of health and social services, including doctor visits, hospital care, prescription drugs, and preventive care, making it a cornerstone of the state's healthcare system.

Medicaid programs reimburse healthcare providers at rates lower than those of private insurance or Medicare. These lower reimbursement rates might discourage healthcare providers from accepting Medi-Cal insurance, exacerbating the healthcare workforce shortage, and limiting access to care for low-income individuals.

San Diego County has the second highest population of Medi-Cal eligible residents, compared to other counties in the state. Due to its size, San Diego County plays an important part of the interconnected California healthcare system, but its safety net of health and social care providers is underfunded compared to other California counties with large Medi-Cal populations. Unlike many other counties in California, San Diego County historically has relied on community health care providers to create a safety net, such as Federally Qualified Health Centers, since there are no large county-owned public healthcare systems or health plans. However, much of the funding for safety-net health care services comes from State and federal programs, like Medi-Cal and

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Medicare. Given significant growth in San Diego County's Medi-Cal population combined with new State Medi-Cal priorities, an opportunity exists to create unique funding solutions for the County, paved by other large Medi-Cal counties in California.

On March 12, 2024 (13), the San Diego County Board of Supervisors (Board) directed the Interim Chief Administrative Officer to conduct a Medicaid Landscape Analysis to assess Medi-Cal reimbursable services and explore opportunities to increase Medicaid reimbursement to providers in the San Diego region.

In addition, the Board established an Ad Hoc Subcommittee to receive, review, and provide input on the report and other activities associated with this Board action.

Today's action requests that the Board receive the 120-day update from the Ad Hoc Subcommittee and receive a staff presentation with progress to date on the Medicaid Landscape Analysis.

**RECOMMENDATION(S)**

**VICE-CHAIR TERRA LAWSON-REMER AND SUPERVISOR MONICA MONTGOMERY STEPPE**

1. Receive the 120-day update from the Ad Hoc Subcommittee and accept staff presentation on progress to date on the Medicaid Landscape Analysis.
2. In accordance with Board Policy A-87, Competitive Procurement, and Administrative Code Section 401, Article XXIII, authorize the Director, Department of Purchasing and Contracting, to amend contracts and/or issue competitive solicitations to support the Medicaid Landscape Analysis, and upon successful negotiations and determination of a fair and reasonable price, award contract(s) for an initial term of up to 12 months and up to an additional six months if needed; and to amend the contract(s) to reflect changes in program, funding or service requirements, subject to the availability of funds and the approval of the Agency Director, Health and Human Services Agency.
3. Authorize the Agency Director, Health and Human Services Agency, or designee, to apply for and accept funding opportunities, if available, to support the Medicaid Landscape Analysis.
4. Direct the Chief Administrative Officer to return to the Board no later than April 30, 2025, in lieu of the prior approved December 2024 return, with a progress report, findings, and recommendations addressing low Medi-Cal reimbursement rates, after having first met with and received input from the ad hoc subcommittee. Upon presentation of the final report, findings, and recommendations to the Board by the Chief Administrative Officer, the ad hoc subcommittee will be concluded no later than April 30, 2025.

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### **EQUITY IMPACT STATEMENT**

Individuals receiving Medicaid face significant equity challenges that impact their access, quality of care, and health outcomes. The current disparities in Medicaid reimbursement rates contribute to differential access to quality healthcare services, disproportionately affecting BIPOC communities. The impact of low reimbursement rates extends beyond the immediate challenges in accessing quality healthcare. It perpetuates systemic disparities in health outcomes, exacerbating existing inequalities among different demographic groups. Moreover, the racial bias in reimbursement rates has implications for the healthcare workforce. BIPOC healthcare professionals are often concentrated in facilities serving Medicaid beneficiaries, facing challenges of working in under-resourced environments. This not only hampers their ability to provide optimal care but also contributes to workforce disparities, further entrenching racial inequities within the healthcare system. Recognizing the intersectionality of race, socioeconomic status, and health outcomes is essential to fostering a healthcare system that is truly inclusive and just.

### **SUSTAINABILITY IMPACT STATEMENT**

The proposed item contributes to the County of San Diego’s Sustainability Goals by prioritizing the long-term health, safety, and well-being for San Diego residents through the support for actions that will get quality healthcare services to those that need it most.

### **FISCAL IMPACT**

There is no fiscal impact for Recommendations 1, 3, and 4. Funds for Recommendation 2 are included in the Fiscal Year (FY) 2024-25 Operational Plan for the Health and Human Services Agency. If approved, this request will result in one-time costs and revenue of \$500,000 in FY 2024-25 to amend the contracts or issue competitive solicitations to support the Medicaid Landscape Analysis. The funding source is one-time General Purpose Revenue previously approved in the March 12, 2024 (13) Board action which included approximately \$1.5 million in total funding for this initiative. These funds will be carried forward through the year-end process and will be available for use in FY 2024-25 for HHSA. There will be no change in net General Fund cost and no additional staff years.

### **BUSINESS IMPACT STATEMENT**

N/A

### **ADVISORY BOARD STATEMENT**

N/A

### **BACKGROUND**

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funded by the federal and State governments and plays a crucial role in ensuring access to healthcare services for nearly a million people in San Diego County. Medi-Cal offers a wide range of health and social services, including doctor visits, oral health, hospital care, prescription drugs, and preventive care, making it a cornerstone of the State's healthcare system.

Medicaid programs reimburse healthcare providers at rates lower than those of private insurance or Medicare. These lower reimbursement rates might discourage healthcare providers from accepting Medi-Cal insurance, exacerbating the healthcare workforce shortage and limiting access to healthcare for low-income individuals.

San Diego County has the second highest population of Medi-Cal eligible residents, compared to other counties in the state. Due to its size, San Diego County plays an important part of the interconnected California healthcare system, but its safety net of health and social care providers is underfunded compared to other California counties with large Medi-Cal populations. Unlike many other counties in California, San Diego County historically has relied on community health care providers to create a safety net, such as Federally Qualified Health Centers, since there are no large county-owned public healthcare systems or health plans. However, much of the funding for safety-net health care services comes from State and federal programs, like Medi-Cal and Medicare. Given significant growth in San Diego County's Medi-Cal population combined with new State Medi-Cal priorities, an opportunity exists to create unique funding solutions for the County, paved by other large Medi-Cal counties in California.

On March 12, 2024 (13), the San Diego County Board of Supervisors (Board) directed the Interim Chief Administrative Officer to conduct a Medicaid Landscape Analysis to assess Medi-Cal reimbursable services provided by the County of San Diego (County) and providers in the region and explore opportunities to increase Medi-Cal reimbursement. This Board action included approximately \$1.5 million in funding for consultant agreements to assess strategies and opportunities to optimize Medi-Cal revenue received for services provided by the County and to support the broader regional assessment. These activities will be funded by an existing award of Providing Access and Transforming Health (PATH) Capacity and Infrastructure Transition Expansion and Development (CITED) grant funds for an assessment of Medi-Cal Transformation Enhanced Care Management and Community Supports Readiness and Infrastructure Assessment (\$550,000) and one-time General Purpose Revenue (\$950,000) for a Medi-Cal billing capacity assessment and consultant services to help support the broader regional assessment.

Recommendations approved by the Board included:

1. Direct the Interim Chief Administrative Officer to conduct an analysis of Medi-Cal reimbursable services provided by the County of San Diego, to increase revenue and reimbursement opportunities for those services, in order to enhance access to and quality of care for residents of San Diego County. This includes but is not limited to:

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- a. Identifying strategies to leverage existing expenditures/resources through intergovernmental transfers (IGTs) and other mechanisms to obtain Medicaid matching funds; and
  - b. Assessing what is being done in other California jurisdictions and/or nationally to optimize Medicaid revenue and reimbursement for services provided by counties; and
  - c. Evaluating new or additional sources of funding that could be available to the County to increase Medi-Cal reimbursement; and
  - d. Exploring other possible strategies and opportunities to increase Medi-Cal reimbursement to improve access to and quality of healthcare to further these goals.
2. Direct the Interim Chief Administrative Officer to explore opportunities to increase Medi-Cal reimbursement to providers in the San Diego region. This includes but is not limited to:
- a. Convening county staff, healthcare professionals, hospitals, FQHCs, labor organizations, healthcare workers, consumer advocacy organizations, state and local government leaders, and community-based organizations; and
  - b. Assessing what is being done in other California jurisdictions to enhance reimbursement rates and incentivize providers to expand access to Medi-Cal services in San Diego County; and
  - c. Engaging California Department of Health Care Services (DHCS) and Centers for Medicare and Medicaid Services (CMS) to seek partnership and approval on initiatives to increase Medicaid reimbursement rates in San Diego County; and
  - d. Exploring other possible strategies and opportunities available through Medi-Cal Transformation to increase Medi-Cal reimbursement rates to further these goals.
3. Direct the Interim Chief Administrative Officer in collaboration with the Behavioral Health Services Director, to offer updates to the ad hoc subcommittee on State and Federal policy germane to integrate behavioral and physical health, along with successful models of value-based purchasing and risk and incentive driven care management under capitation, noting that such updates do not involve County of San Diego mental health plan specific actions. Of note is the fact that Behavioral Health Services (BHS) statutorily operates as the County's Mental Health Plan (MHP). Owing to the fact that County's MHP is in the midst of behavioral health payment reform inclusive of rate setting and provider-specific negotiations, the BHS Director in consultation with county counsel will not share any information to the ad hoc subcommittee that would generate a conflict of interest.
4. Direct the Interim Chief Administrative Officer to return to the Board at the end of the calendar year with a progress report, findings, and recommendations addressing low Medi-Cal reimbursement rates including all the elements enumerated above after having first met with the Board ad hoc subcommittee for input.
5. Direct the Interim Chief Administrative Officer to add to the County's 2024 Legislative Program, Priority Issues, support for legislation and administrative actions that will lead to increased Medicaid reimbursement rates for California, as well as engage in ongoing conversations at the State and Federal level to ensure the Medi-Cal recipients in San Diego County have access to a robust and adequately funded system of care, including but not

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limited the bringing down the cost of critical prescription medications, especially those on Medicaid and Medicare.

6. Establish an ad hoc subcommittee of this Board and appoint Supervisor Terra Lawson-Remer and Supervisor Monica Montgomery Steppe for the following purposes, including but not limited to:
  - a. Receive and review the information gathered by and provide input to the Interim Chief Administrative Officer on the strategies and opportunities identified through the work outlined in Recommendations 1 for increasing Medicaid reimbursement rates and for obtaining new or additional sources of funding to increase Medi-Cal reimbursement; and
  - b. Provide input regarding the feedback obtained from those stakeholders contacted in 2(a); and
  - c. Provide input regarding the updates received in recommendation 3; and
  - d. Provide input to the Interim Chief Administrative Officer on the development of the progress report, findings, and recommendations to be submitted to the Board, and upon presentation of the final report, findings, and recommendations to the Board by the Interim Chief Administrative Officer, the ad hoc subcommittee will be concluded.
  - e. The scope of activities of this ad hoc subcommittee pertains only to policy matters and should in no way be construed as including or concerning the negotiations of specific contracts or specific contract terms.
  - f. The ad hoc subcommittee will return to the Board in 120 days with an update.
7. Of note is that fact that Behavioral Health Services (BHS) statutorily operates as the County's Mental Health Plan (MHP). Owing to the fact that the County's MHP is in the midst of behavioral health payment reform driven by Medi-Cal Transformation, inclusive of rate setting and provider-specific negotiation, rate setting and reimbursement dynamics within the MHP will not be addressed in this action.

### **Summary of Ad Hoc Subcommittee Meetings:**

Since its formation in March, the Ad Hoc Subcommittee met on the following dates:

- April 11, 2024. Agenda included a recap of the approved board recommendations, setting an ongoing meeting schedule, and discussion of what resources might be needed.
- May 8, 2024. Discussion on Medicaid program at Federal and State Levels.
- May 28, 2024. Provided update on staff engagement and contractor utilization.
- June 12, 2024. Discussion of Medi-Cal funding mechanisms and Intergovernmental Transfer.
- June 27, 2024. Staff presentation of progress to date on the Medicaid Landscape Analysis. The progress report is included in this Board Letter as Attachment A.

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Going forward, Ad Hoc Subcommittee meetings are scheduled to occur monthly from July through December 2024, when staff will return with a report back to the full Board on the status of the Medicaid Landscape Analysis.

**LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN**

Today’s proposed action to adopt the item to work to increase Medi-Cal reimbursement rates to supports the Sustainability, Equity, Empower, and Community Strategic Initiatives within the County of San Diego’s 2024-2029 Strategic Plan by working to expand healthcare for nearly one million San Diegans.

Respectfully submitted,



Terra Lawson-Remer  
Supervisor, Third District



Monica Montgomery Steppe  
Supervisor, Fourth District

**ATTACHMENT(S)**

Attachment A – MCS Progress Report July 1, 2024.