



# COUNTY OF SAN DIEGO

## AGENDA ITEM

### BOARD OF SUPERVISORS

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First District

JOEL ANDERSON  
Second District

TERRA LAWSON-REMER  
Third District

MONICA MONTGOMERY STEPPE  
Fourth District

JIM DESMOND  
Fifth District

**DATE:** May 20, 2025

**05**

**TO:** Board of Supervisors

### SUBJECT

**RECEIVE AN UPDATE FROM THE MEDICAID AD HOC SUBCOMMITTEE ON INCREASING MEDI-CAL REIMBURSEMENT RATES TO IMPROVE HEALTHCARE FOR NEARLY ONE MILLION SAN DIEGANS (DISTRICTS: ALL)**

### OVERVIEW

On March 12, 2024 (13), the San Diego County Board of Supervisors (Board) directed the Interim Chief Administrative Officer to take several actions focused on maximizing Medi-Cal reimbursement for providers and increase access to care for the nearly one million Medi-Cal beneficiaries in San Diego County. This direction included conducting a Medicaid Landscape Analysis to assess Medi-Cal reimbursable services; exploring opportunities to increase Medicaid reimbursement to providers in the San Diego region; and establishing an Ad Hoc subcommittee to return to the Board within 120 days.

Since April 2024, the Medicaid Ad Hoc Subcommittee (Subcommittee) has met regularly to discuss stakeholder engagement, preliminary findings of assessments, Medicaid funding mechanisms at the federal and State level such as intergovernmental transfer, and existing County services and resources.

On July 16, 2024 (15), the Board received a 120-day update from the Subcommittee and a staff presentation with progress update. Additionally, at this meeting, the Board took action to extend the Subcommittee through April 30, 2025, with the expectation that staff report back to the Board at the end of the calendar year. In response to this direction, staff submitted a memorandum to the Board on December 31, 2024, with accomplishments and updates on progress for each of the approved Board recommendations.

The purpose of the Subcommittee is to assess Medi-Cal reimbursable services and explore opportunities to increase Medicaid reimbursement. With directions from the Subcommittee, staff engaged community partners, engaged consultants to provide expertise and conduct detailed assessments of revenue opportunities, and researched federal Section 1115 waivers implemented in other jurisdictions to develop a menu of potential policy options for consideration to maximize Medi-Cal reimbursement for providers and increase access to care.

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As a result, the focus of the Subcommittee is reprioritizing policy options that improve access to care and leverage existing Medicaid funding mechanisms to increase reimbursement. With the proposed policy changes from the new federal administration, existing Medicaid funding mechanisms may no longer be available or may significantly change, requiring further analysis. Thus, it is critical to extend the work of the Subcommittee through October 31, 2025, to allow County staff to complete the billing feasibility assessment currently underway and assess impacts of changes to the Medi-Cal/Medicaid program at the State and federal levels prior to bringing recommendations before the Board at a future meeting.

Today's action requests the Board receive an update from the Subcommittee on the progress to date on the Medicaid Landscape Analysis and to extend the Subcommittee.

## **RECOMMENDATION(S)**

### **CHIEF ADMINISTRATIVE OFFICER**

1. Receive an update from the Medicaid Ad Hoc Subcommittee on the progress to date on the Medicaid Landscape Analysis.
2. Direct the Chief Administrative Officer (CAO) to return to the Board of Supervisors no later than October 31, 2025, with a final report, findings and recommendations from the Medicaid Ad Hoc Subcommittee. Upon presentation of the final report, findings, and recommendations to the Board by the CAO, the ad hoc subcommittee will be concluded.

## **EQUITY IMPACT STATEMENT**

Individuals receiving Medi-Cal face significant challenges that impact their access to care, quality of care, and health outcomes. In 2021, Healthcare Payments Data showed that Medi-Cal beneficiaries in San Diego County had higher prevalence of asthma, heart failure, diabetes, stroke, chronic obstructive pulmonary disease, and chronic kidney disease, compared to those enrolled in commercial health plans. In 2023, the report found that Medi-Cal beneficiaries were also more likely to experience higher rates of emergency department utilization compared to those with commercial health insurance. These metrics can be associated with decreased access to primary care services.

Data from the 2022 Health Disparities Report showed varied performance across managed care accountability indicators, with notable racial and ethnic health disparities across Medi-Cal managed care member populations. This highlights the disparities in health outcomes across different racial and ethnic Medi-Cal managed care plan members within the county. Recognizing the intersectionality of race, socioeconomic status, social supports, and health outcomes is essential to fostering a healthcare system that is truly inclusive and just. Maximizing Medi-Cal reimbursement and having a robust system of providers to support members is key to achieving optimal care.

## **SUSTAINABILITY IMPACT STATEMENT**

Today's proposed action contributes to the County of San Diego Sustainability Goal #2, to provide just and equitable access to care, and Sustainability Goal #4, to protect health and well-being by prioritizing the long-term health, safety, and well-being for San Diego residents by promoting

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sustainable Medi-Cal reimbursement rates and ensuring access to quality health care services for those who need it most.

### **FISCAL IMPACT**

There is no fiscal impact associated with today's actions for Fiscal Year 2024-25. There may be future impacts based on recommendations. Any such recommendations would be brought to the San Diego County Board of Supervisors for consideration and approval. There is no change in net General Fund costs and no additional staff years.

### **BUSINESS IMPACT STATEMENT**

N/A

### **ADVISORY BOARD STATEMENT**

N/A

### **BACKGROUND**

On March 12, 2024 (13), the San Diego County Board of Supervisors (Board) directed the Interim Chief Administrative Officer to take several actions focused on maximizing Medi-Cal reimbursement for providers and increase access to care for the nearly one million Medi-Cal beneficiaries in San Diego County. This direction included conducting a Medicaid Landscape Analysis to assess Medi-Cal reimbursable services; exploring opportunities to increase Medicaid reimbursement to providers in the San Diego region; and establishing an Ad Hoc subcommittee to return to the Board within 120 days.

The March 12, 2024 (13) 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 of San Diego (County) and to support the broader regional assessment. These activities were supported by existing Providing Access and Transforming Health Capacity and Infrastructure Transition Expansion and Development (PATH CITED) grant funds, which provided \$550,000 for a Medi-Cal Transformation Enhanced Care Management and Community Supports Readiness and Infrastructure Assessment. In addition, \$950,000 in one-time General Purpose Revenue was allocated for a Billing Feasibility Assessment and other consultant services to help support the broader regional assessment and research on strategies implemented in other jurisdictions.

Since April 2024, the Medicaid Ad Hoc Subcommittee (Subcommittee) has met regularly to discuss stakeholder engagement, preliminary findings of assessments, Medicaid funding mechanisms at the federal and State level, such as intergovernmental transfer (IGT), and existing County services and resources.

On July 16, 2024 (15), the Board received a 120-day update from the Subcommittee and a staff presentation with progress update. Additionally, the Board took action to extend the Subcommittee through April 30, 2025, with the expectation that staff report back to the Board at the end of the calendar year. In response to this direction, a staff submitted a memorandum to the Board on

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December 31, 2024, with accomplishments and updates on progress made in response to the Board direction.

The purpose of the Subcommittee is to assess Medi-Cal reimbursable services and explore opportunities to increase Medicaid reimbursement. With directions from the Subcommittee, staff engaged community partners and consultants to provide expertise, conducted detailed assessments of revenue opportunities, and researched federal Section 1115 waivers implemented in other jurisdictions. The purpose of this was to develop a menu of potential policy options for consideration to maximize Medi-Cal reimbursement for providers and increase access to care for the nearly one million Medi-Cal beneficiaries in San Diego County. Many of the policy options were developed prior to federal administration changes and were dependent upon current federally approved waivers, which may not be renewed in the future.

As a result, the Subcommittee is reprioritizing policy options that improve access to care and leverages existing Medicaid funding mechanisms to increase reimbursement. With many proposed changes to Medicaid still unknown, it is critical to extend the work of the Subcommittee through October 31, 2025, to allow for the completion of the billing feasibility assessment currently underway and assess impacts of changes to the Medi-Cal/Medicaid program at the State and federal levels before bringing recommendations back to the Board.

**Medicaid Landscape Analysis – Summary of Progress to Date**

In response to the Board’s direction to analyze Medi-Cal reimbursable services provided by the County to increase revenue and reimbursement, and to explore opportunities to increase Medi-Cal reimbursement to providers in the San Diego County Region, staff has performed the following activities since the last presentation to the Board on July 16, 2024 (15):

*Conducted a Medi-Cal Transformation Assessment*

The Medi-Cal Transformation Enhanced Care Management (ECM) and Community Supports (CS) Readiness and Infrastructure Assessment was conducted in partnership with a contracted consultant over the period of March 2024 to January 2025. This effort assessed existing County programs and infrastructure to determine readiness for the County to contract with and receive reimbursement from Medi-Cal Managed Care Plans (MCPs) to provide ECM and/or CS services.

The assessment was funded through the California Department of Health Care Services (DHCS) Providing Access and Transforming Health Capacity and Infrastructure Transition, Expansion and Development (PATH-CITED) Initiative. The contractor assessed six County departments to identify current services that align with ECM and CS, determine infrastructure needs, and model financial impacts. The County is currently exploring ways to implement the following key assessment recommendations to:

- Select a County program with the strongest alignment to ECM/CS for a small pilot with a single MCP;
- Leverage all funding opportunities for implementation and infrastructure, including the State Technical Assistance Marketplace and DHCS PATH CITED funds for staffing and IT infrastructure to support documentation, care coordination, and billing; and

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- Centralize ECM/CS administrative functions and oversight (e.g., deploy County administrative hub model for services to existing clients).

#### *Ongoing Billing Feasibility Assessment*

An in-depth financial assessment of services provided was initiated to determine the feasibility of billing third-party payers (commercial, private, and managed Medi-Cal) for existing HHSA services. A consultant contract was executed on May 21, 2024, to evaluate potential billable services. Examples of services being assessed include pharmacy, laboratory, public health, and other related services to determine opportunities for reimbursement, infrastructure needs, and anticipated revenue. The contractor has convened four branches and business units within multiple HHSA departments to determine: County requirements to bill the service; total anticipated revenue based on volume; and new or additional sources of funding that could be available to the County to increase reimbursement rates. The contractor completed a comprehensive site visit in March 2025, and the final report is due June 30, 2025.

#### *Researched Policy and Leading Practices in California and Nationally*

Staff conducted research with support from policy advisors with extensive expertise on the Medicaid program on the impacts of Medi-Cal Managed Care models, payments, and incentive models on the health care delivery system. Staff convened the Subcommittee, consultants, and subject matter experts to discuss Medi-Cal funding mechanisms, funding maximization strategies, intergovernmental transfers (IGTs), models used in other jurisdictions and impacts of the Managed Care Organization tax which was recently passed by California voters (Proposition 35).

#### *Engaged Regional Stakeholders*

County staff held 52 listening sessions with healthcare professionals, hospitals, Federally Qualified Health Centers, healthcare workers, consumer advocacy organizations, community-based organizations, and local and State government leaders to explore opportunities and learn more around gaps and barriers with Medi-Cal reimbursement from June 2024 to December 2024.

Key findings from the listening sessions and survey included: low payment rates impact the number of Medi-Cal providers and access to care; administrative and billing processes are time consuming, inefficient, and increase provider costs; and insufficient capacity of Medi-Cal specialists/facilities limit access for patients with multiple social, medical, physical, and behavioral needs.

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

The Subcommittee met six times from April 2024, through February 2025. Initial meetings included discussions on the Medicaid program at the State and federal levels, Medi-Cal funding mechanisms and IGT, and County resources that would be utilized to support the goals of this initiative. Following initial discussions, staff provided updates on stakeholder engagement, assessments, research, community provider listening sessions, and leading practices from other jurisdictions that informed the next steps for the Subcommittee.

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The following is a list of dates and topics of the Subcommittee meetings:

- April 11, 2024: Kick-off meeting
- May 22, 2024: Update on staff engagement and contractor utilization
- June 27, 2024: Progress to date on the Medicaid Landscape Analysis
- July 17, 2024: Discussion on resource allocation, timeline, and next steps
- November 20, 2024: Summary of the listening sessions and policy options
- February 27, 2025: Impact of proposed federal changes

Based on the findings of each of the strategies and input from the Subcommittee, staff developed a menu of policy options at the local, State and federal levels with a specific focus on dental health, pediatric well-child visits, skilled-nursing facilities, recuperative care, Enhanced Care Management, Community Supports, and community care hubs. Many of these options leverage existing federal policy, approved waivers, and funding mechanisms. With the proposed policy changes from the new federal administration, these funding mechanisms may no longer be available or may significantly change, requiring further analysis. In addition, the Billing Feasibility Assessment is still in progress with the final report due by June 30, 2025.

Today's action requests the Board receive an update from the Subcommittee, with the progress to date on the Medicaid Landscape Analysis, and to extend the Subcommittee.

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

Today's proposed action supports the County of San Diego's 2025-2030 Strategic Plan Initiatives of Equity (Health), Empower (Innovation), and Community (Quality of Life) as well as the regional *Live Well San Diego* vision. This is accomplished by addressing low Medi-Cal reimbursement rates, reducing disparities and disproportionality for individuals enrolled in Medi-Cal, and ensuring access to care for San Diego County's most vulnerable residents.

Respectfully submitted,



FOR

EBONY N. SHELTON  
Chief Administrative Officer

#### **ATTACHMENT(S)**

N/A