



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

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First District

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Second District

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Third District

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Fourth District

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Fifth District

DATE: June 25, 2026

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TO: Board of Supervisors

SUBJECT

SHERIFF – REQUEST TO ENTER INTO THE MEDI-CAL COUNTY INMATE PROGRAM AGREEMENT WITH THE CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES (DISTRICTS: ALL)

OVERVIEW

The California Department of Health Care Services (DHCS) provided guidance and procedures regarding county participation in the voluntary Medi-Cal County Inmate Program (MCIP). This program implements a provision of federal law that allows for the claiming of Medicaid funds for inpatient services provided to incarcerated persons when those services are provided at a medical facility located off the grounds of the correctional facility, for a stay of 24 hours or more, and the incarcerated person is found to be Medicaid eligible. This program offers the opportunity for providers to bill Medi-Cal directly for eligible persons and costs, which could reduce county expenditures for inpatient care for incarcerated persons. As off-site medical needs and incarcerated individuals' serious or complex medical conditions continue to rise, ongoing participation in MCIP is essential because it provides significant cost savings and helps the San Diego Sheriff's Office (Sheriff's Office) mitigate increasing medical expenditures for patients requiring inpatient medical services in the community.

Approval of today's recommended actions will authorize the participation of the Sheriff's Office and Probation in the MCIP for the period of July 1, 2026, through June 30, 2029. This is also a request to authorize the County of San Diego's participation in the MCIP in subsequent years if there are no material changes to the agreement terms.

RECOMMENDATIONS

SHERIFF

1. Approve and authorize the Sheriff or designee to accept and execute upon receipt Medi-Cal County Inmate Program Agreements with the California Department of Health Care Services for the term of July 1, 2026, through June 30, 2029.
2. Authorize the Sheriff or designee to execute all required documents, including any extension, amendments, and/or revisions thereto that do not materially impact or alter the program or funding level.

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3. Authorize the Sheriff or designee to accept and execute Medi-Cal County Inmate Program Agreements with the California Department of Health Care Services in subsequent years or for retroactive periods, including all required agreement documents, including amendments and/or revisions thereof that do not materially impact or alter the terms of the Medi-Cal Inmate Program agreement.

EQUITY IMPACT STATEMENT

Providing comprehensive on-site and off-site medical and mental health care to incarcerated individuals is a matter of equity because it upholds the fundamental human right to health. Incarcerated persons lose the ability to seek their own care. The incarcerated populations have increasingly come into custody with chronic conditions, trauma, infectious diseases, and substance use disorders. Comprehensive care ensures this deep-rooted health disparities are actively addressed rather than exacerbated, and today's Board action will allow for the County to share the costs of the expenses incurred providing the necessary off-site medical care.

SUSTAINABILITY IMPACT STATEMENT

When severe medical or psychiatric needs exceed the capacity of on-site services at the detention facilities, off-site access to specialized hospital networks and emergency services is essential. This request supports the County's sustainability goal of providing just and equitable access by improving service delivery to those in its custodial care. It also supports the sustainability goal of fiscal stability by ensuring costs incurred by sending incarcerated persons to necessary off-site services are reduced for the County.

FISCAL IMPACT

Funds for this request are included in the Fiscal Year 2026–27 CAO Operational Plan for the Sheriff's Office. If approved, this request will result in anticipated reduced costs in Fiscal Year 2026–27 and in subsequent fiscal years. Under the MCIP, the County will pay only the non-federal share of eligible claims from providers to the California Department of Health Care Services (DHCS), as well as a proportionate share of DHCS administrative costs for the program. These costs will be funded through General Purpose Revenue currently budgeted in the Sheriff's Office. 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

The California Department of Health Care Services (DHCS) has provided updated guidance and procedures regarding county participation in the voluntary Medi-Cal County Inmate Program (MCIP), including obtaining an approved minute order from the County Board of Supervisors (Board), which specifically approves and authorizes execution of this contract. This program implements a provision of federal law that permits the claiming of federal Medicaid funds for

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inpatient services provided to incarcerated individuals when those services are delivered at a medical facility located off the grounds of the correctional facility for a stay of 24 hours or more, and the individual is determined to be Medicaid eligible.

Under federal law, counties are responsible for 100% of the cost of inpatient medical care for adults and juveniles in custody. MCIP offers an opportunity for Medi-Cal providers to bill DHCS directly for eligible services and costs, which may reduce County expenditures for qualifying inpatient care. To participate, counties enter into voluntary agreements with DHCS and agree to reimburse DHCS for the non-federal share of costs for eligible services, as well as for a proportionate share of program administrative costs.

On February 14, 2017 (3), the Board approved the County’s participation in the MCIP, allowing federal Medicaid reimbursement for eligible off-site inpatient services and reducing County costs by limiting responsibility to the non-federal share and related administrative expenses. The request included confirmation that eligibility determination procedures were already in place and sought approval for participation through June 30, 2018, and in future years, absent material changes. This 2017 Board action was submitted by the Public Safety Group with participation from the Sheriff’s Office, Probation Department, and the Health and Human Services Agency. On April 28, 2026, the Sheriff’s Office was notified that DHCS will no longer accept the 2017 Board Letter as authority for the renewal of the agreement. The Sheriff’s Office will execute the new agreement as the primary beneficiary of the program. Probation was included in the prior MCIP agreement, but due to Probation’s prior medical contract provider not being a licensed Medi-Cal provider, the department could not benefit from the program. However, Probation has a new medical provider and will conduct an analysis to determine if they can now benefit from this program. The agreement will allow for both the Sheriff’s Office and Probation to participate in the MCIP.

Under this program, DHCS pays Medi-Cal providers for eligible inpatient services at Medi-Cal rates, drawing down federal funding to cover an estimated 90% of these costs. As a result, the County is only responsible for the remaining non-federal share, rather than the full provider rates it would otherwise pay if billed directly. Over the years, off-site medical needs and overall individuals entering custody with serious or complex medical conditions have grown substantially, by an average of an 11% rise in utilization rate for inpatient services, which increases pressure on resources and driving higher costs. Given these rising demands, continued participation in the MCIP is essential, as the program supports meaningful cost reductions and helps the Sheriff’s Office to effectively manage and minimize the impacts of escalating off-site medical expenses for patients requiring inpatient medical services in the community. The Sheriff’s Office has achieved cost savings through participation in the MCIP. In Fiscal Year 2024–25, the Sheriff’s Office realized approximately \$4.7 million in cost savings through participation in the MCIP. The MCIP is separate from California Advancing and Innovating Medi-Cal, or CalAIM, as that program only covers costs of incarcerated individuals in the last 90 days of their incarceration. MCIP would cover any inpatient services during an incarcerated person’s stay, as well as the compassionate release portion.

Approval of today’s recommended actions will authorize the County’s participation in the MCIP for the period of July 1, 2026, through June 30, 2029. This action also requests authorization for

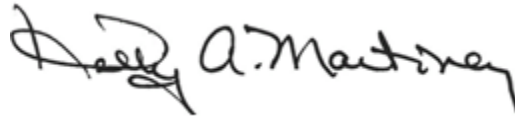
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the County to participate in the MCIP in subsequent years, provided there are no material changes to the agreement terms.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's requested Board actions advance the Equity and Justice Strategic Initiatives in the County of San Diego's 2026-2031 Strategic Plan by continuing to seek off-site medical services that support the overall well-being of individuals who are currently in custody in San Diego County detention facilities. In addition, this action also supports the Sustainability Strategic Initiative by aligning the County's available resources with services to maintain fiscal stability and ensure long-term solvency.

Respectfully submitted,

A handwritten signature in black ink that reads "Kelly A. Martinez". The signature is written in a cursive style with a large initial "K" and "M".

KELLY A. MARTINEZ
Sheriff

ATTACHMENT

N/A