



Agenda Date: _____

Board Briefing Report

DATE: October 11, 2023

TO: Board of Supervisors

FROM: David Luchini, RN, PHN, Director, Department of Public Health

SUBJECT: Discontinuation of Non-Resident Specialty Care

Executive Summary

The purpose of this briefing is to provide your Board with information regarding the expiration and non-renewal of the Non-Resident Specialty Care (NRSC) Agreement No. A-20-122 between the County and Santé Health System d.b.a. Advantek Benefit Administrators (Advantek), which will expire on April 19, 2024, at the conclusion of the first and current 12-month Agreement extension period. It has been determined that there is no need to further extend the NRSC Agreement due to increased full scope Medi-Cal coverage that will become available to the indigent individuals who do not have lawful resident status and who have been served by this Agreement. This Agreement has been administered by the Department of Public Health (DPH) on behalf of the County.

The number of NRSC-eligible county residents has decreased since the Department of Health Care Services' implementation of the Young Adult Full Scope Medi-Cal Expansion that became effective on January 1, 2020, and the Older Adult Full Scope Medical Expansion that became effective May 1, 2022. The Ages 26 through 49 Adult Full Scope Medi-Cal Expansion will cover the remaining indigent population beginning January 1, 2024. This will result in no individuals remaining eligible for NRSC as requirements of NRSC are that the individual apply for full scope Medi-Cal and have an income level which is consistent with the full scope Medi-Cal income level (138% of the federal poverty level).

History/Status

The Affordable Care Act (ACA) resulted in the expansion of Medi-Cal to lawfully present indigent individuals in Fresno County who previously had no link to Medi-Cal and who sought medical services through the County's Medically Indigent Services Program (MISP). Additionally, funding that was used to pay for MISP through its 25-year Master Agreement with Community Medical Centers (CMC) was redirected through the passage of Assembly Bill (AB) 85, resulting in the County Board of Supervisors (BOS) directing DPH to end the CMC Master Agreement effective December 1, 2014. During this time, the County appealed the decades old Sequoia court decision that mandated the County to allow indigent residents who were not lawfully present to participate in MISP and the Court ruled in the County's favor.

On December 1, 2014, the BOS approved new MISP criteria via Resolution No. 14-308 that provided MISP eligibility for county indigent persons who met certain guidelines to include lawful residency. While this population should all be eligible for full scope Medi-Cal, the County is still mandated by Welfare and Institutions Code 17000 to have a program for medically indigent residents. Agreements were entered into to provide medical services to MISP-covered individuals should there be any approved clients.

It was determined that certain county residents who are not considered lawfully present would not be eligible for MISP under the new eligibility criteria and would be left with a coverage gap of certain medical specialty services. These indigent individuals would have access to emergency and pregnancy-related services through restricted Medi-Cal, as well as some family planning, breast and ovarian cancer, chronic kidney disease, and certain other limited medical services through existing special State and/or Medi-Cal programs. These individuals would continue to have access to primary care, preventative care, and other services that are provided by federally qualified and rural health centers.

In response to the medical care specialty gap identified, the Governor signed AB 2731, which allowed Fresno County to extend its required \$5.5 million street and roads Maintenance of Effort (MOE) payment due to the State until June 30, 2020, on the condition that the County expend the funds to provide payment for specialty medical care services for individuals who are not eligible for full scope Medi-Cal based on lawful residency requirements. Ultimately, there were no street and roads MOE funds used for NRSC and payments have been made to Advantek for the administration of NRSC for medical provider claims and administrative costs using Health Realignment funds.

DPH executive staff entered into negotiations with Advantek to provide third-party administration and payment services for medical specialty care services provided to NRSC-eligible individuals and on April 7, 2015, the BOS approved Agreement No. 15-130 with Santé Health System d.b.a. Advantek Benefit Administrators via the Suspension of Competition process. DPH executive staff continuously engaged interested community-based organizations, providers, and the public during the transition process away from MISP and towards ACA plans, including Medi-Cal, use of services offered by federally funded health centers, and Non-Resident Specialty Care services.

On March 24, 2020, the BOS approved the current NRSC Agreement No. A-20-122 with Advantek. Under this Agreement, providers of specialty medical services must be approved by the DPH Department Head and added to Exhibit B (approved specialty medical care providers) by signature of the DPH Department Head. Referrals to NRSC are accepted by approved federally funded clinics and emergency hospitals listed on Exhibit A of the Agreement. Specialty medical care providers receive Medi-Cal fee-for-service reimbursement rates for services provided. Advantek invoices are received monthly, and the claim amounts include the amount paid to providers at Medi-Cal rates for claims submitted during the claim period along with Advantek's 8% fee (or monthly minimum charge of \$5,000, whichever is greater). The Agreement has a three-year base plus two 12-month extensions and capitates at \$3,000,000. The Agreement shall automatically terminate once the available funding has been exhausted.

On June 30, 2022, Governor Newsom signed into effect Senate Bill (SB) 184 which extends full scope Medi-Cal eligibility to individuals who are 26 to 49 years of age and who do not have satisfactory immigrant status if they are otherwise eligible for those benefits. SB 184 becomes

effective January 1, 2024, and will make the NRSC Agreement duplicative. If the NRSC Agreement were to be extended, there would be no individuals serviced by it and the County would be liable to pay Advantek \$5,000 per month for the extension period. Article XVI of the California Constitution prohibits gifting or lending public funds to any entityⁱ. Extending a contract that makes the County responsible for paying a vendor, but which offers no services to any County resident or other public serviceⁱⁱ, would constitute an illegal gift of public funds.

Staff Activities

On July 28, 2023, DPH staff confirmed with the Fresno County Department of Social Services (DSS) that individuals who are currently on limited or restricted Medi-Cal and whose income is under 138% of the Federal Poverty Level will automatically be converted to full scope Medi-Cal effective January 1, 2024.

DPH staff will continue to work with Advantek and provide oversight to the existing NRSC client referral and medical claims processes for specialty services until the Ages 26 through 49 Adult Full Scope Medi-Cal Expansion is implemented on January 1, 2024. Additionally, DPH staff and Advantek are working on finalizing NRSC wind down procedures which will include communications to referring clinics, specialty medical providers, and NRSC clients.

These communications will include reference to the Ages 26 through 49 Adult Full Scope Medi-Cal Expansion and will include a timeline and instruction for clinic referral processing and specialty medical provider claims billing. The timeline will provide adequate time needed for final reconciliation processes between Advantek and the County to take place during the current extension of the Agreement, which is valid until April 19, 2024, and is the funding mechanism for NRSC. Community partners will be notified after posting of this Board Briefing Report that NRSC is being replaced by the expansion of Medi-Cal.

ACTION TIME-FRAME

DPH is working with Advantek and verbiage has been added to the NRSC approval communications to inform referring clinics, clients, and medical providers that the NRSC Agreement and funding will come to an end on December 31, 2023 and that individuals should contact the Fresno County DSS to inquire about their eligibility for full scope Medi-Cal. There are currently 151 individuals who are approved eligible for NRSC funded specialty care services. Additionally, DPH and Advantek will send out letters to federally qualified and rural health centers and other referring clinics to inform them that their clients who are currently eligible for NRSC will become eligible for full scope Medi-Cal and will therefore be ineligible for NRSC funding.

Letters will also be sent to the specialty medical care providers informing them that NRSC funding will not cover services beyond December 31, 2023 and that they should confirm full scope Medi-Cal as the payor for their previous NRSC funded clients. Providers will be notified that they will have until April 8, 2024 to send their NRSC claims to Advantek for processing. This will allow the County and Advantek to proceed with the claims adjudication process prior to the end of the funding Agreement on April 19, 2024, which maintains the Advantek Agreement as the payment mechanism for provider final claims.

Contact Persons

For additional inquiries contact David Luchini, Director, at (559) 600-6403; Irene Parada, Business Manager, at (559) 600-6438; or Shelly Awes, Staff Analyst, at (559) 600-6439.

ⁱCal. Const., art XVI, §6

ⁱⁱCounty of Alameda v. Janssen (1940) 16 Cal 2d 276, 281