



## Legislation Text

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**File #:** 18-0660, **Version:** 1

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Recommendation to authorize the refund of \$658,620 to the State of California Department of Health Care Services for overpayments made to the City of Long Beach by the County-Based Medi-Cal Administrative Activities Program for Fiscal Years 2011, 2012, and 2013; and

Authorize the refund of \$94,191 to the State of California Department of Health Care Services for overpayments made to the City of Long Beach by the Targeted Case Management Program for Fiscal Year 2013. (Citywide)

### BACKGROUND

The State of California Department of Health Care Services (DHCS) administers the County-Based Medi-Cal Administrative Activities (CMAA) Program, which provides the partial reimbursement of costs incurred for performing administrative activities and services that directly support efforts to identify and enroll potential eligible individuals into Medi-Cal. Such activities and services are already performed by certain Health and Human Services Department (Health Department) staff as part of other programs. As of June 5, 2018, the DHHS has received \$6,767,970 in reimbursements through the CMAA Program since the mid-1990's.

The Health Department also administers the Targeted Case Management (TCM) Program, which provides reimbursement for case management services to Medi-Cal beneficiaries under the age of 21; the medically fragile; and individuals at-risk of institutionalization, communicable diseases, or negative health or psycho-social outcomes. As of June 5, 2018, the Health Department has participated in the TCM Program since the early 1990s and has received \$3,002,947 in reimbursements.

### DISCUSSION

The refunds to the DHCS are a result of a change in methodology for calculating reimbursement amounts instituted by the CMAA and TCM Programs in 2013, and applied retroactively to Fiscal Years 2011, 2012, and 2013. On June 23, 2011, State Policy and Procedure Letter (PPL) Number 11-011 notified Local Government Agencies (LGAs) that continuation in the CMAA and TCM Programs beyond Fiscal Year 2010 would entail the use of an interim reimbursement methodology for Fiscal Year 2011-2013, or until a permanent methodology is developed by the Center for Medicare and Medicaid Services (CMS). The interim methodology used static Fiscal Year 2009 data for the types of eligible activities and the number of eligible occurrences. Once developed and approved, the permanent methodology would be retroactively applied to Fiscal Year 2011-2013 to calculate revised

reimbursement amounts. Based on historical reimbursement rates, the Health Department decided to continue participating in both CMAA and TCM Programs.

In July 2013, a permanent methodology to determine eligible activities and billable hours for reimbursement was approved by the CMS. Compared to the interim reimbursement methodology, the new methodology reduced the types of activities eligible for reimbursement. In addition, when retroactively applied to Fiscal Years 2011-2013, the number of eligible occurrences decreased due to a reduction in Health Department personnel from budget cuts as a result of the Great Recession.

Between February and July of 2015, the City submitted revised CMAA invoices for Fiscal Years 2011-2013 using the permanent methodology. The revised invoices have been under review by the DHCS CMAA since 2015. In a letter dated May 17, 2018, the DHCS notified the Health Department that the review of the all revised CMAA invoices was complete and that the Health Department was overpaid for all three Fiscal Years:

Fiscal Year	Overpayment to Health Department
2011	\$258,431
2012	\$223,240
2013	\$176,949

Combined, the refund amount due to the State for the CMAA Program totals \$658,620.

In June 2015 and March 2017, the DHCS Audit and Investigation Branch (DHCS A&I) completed audits to retroactively apply the permanent methodology for determining reimbursements for Fiscal Years 2011 and 2012, respectively for the TCM Program. For Fiscal Year 2011, the audit determined that the Health Department was overpaid \$81,472. The City Council approved this refund to the DHCS on October 20, 2015. For Fiscal Year 2012, no refund was due to the DHCS.

In April 2018, the DHCS A&I completed the audit for Fiscal Year 2013 and determined that the DHHS was overpaid \$94,191 for TCM activities.

Following the initial findings made by DHCS A&I in 2015, Health Department staff began estimating and anticipating refund amounts for subsequent years. To minimize impact to programming and the Health Fund (SR130), staff strategically identified Fund balance surplus to offset the impact that future year refunds would have.

This matter was reviewed by Deputy City Attorney Linda T. Vu on July 18, 2018 and by

Revenue Management Officer Geraldine Alejo on July 19, 2018.

City Council action is requested on August 7, 2018 to allow the Health Department to expedite the refund checks to the State of California Department of Health Care Services.

The total refund to the DHCS for the County-Based Medi-Cal Administrative Activities (CMAA) and Targeted Case Management (TCM) programs is \$752,811 (\$658,620 for CMAA and \$94,191 for TCM program). There is no local job impact associated with this recommendation.

Approve recommendation.

KELLY COLOPY  
DIRECTOR  
HEALTH AND HUMAN SERVICES

APPROVED:

PATRICK H. WEST  
CITY MANAGER