



# Agenda Report

DATE: October 19, 2015

TO: Honorable Mayor and City Council

FROM: Public Health Department

**SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH THE PASADENA UNIFIED SCHOOL DISTRICT (PUSD) TO SERVE AS THE LOCAL GOVERNMENT AGENCY FOR THE SCHOOL-BASED MEDI-CAL ADMINISTRATIVE ACTIVITIES (MAA) PROGRAM**

**RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the action proposed in the agenda report is exempt from the California Environmental Quality Act pursuant to State CEQA Guidelines Section 15061(b)(3) as it will not have a potentially significant environmental effect and, therefore, falls under the "general rule" exemption; and
2. Authorize the City Manager to execute a three-year contract with the Pasadena Unified School District (PUSD) to provide administrative oversight of the School-based Medi-Cal Administrative Activities (SMAA) program. Neither competitive bidding nor competitive selection are required pursuant to City Charter Section 1002(H) and Pasadena Municipal Code Section 4.08.049(A)3, contracts with other governmental entities.

**BACKGROUND:**

For over 120 years, the City of Pasadena Public Health Department (PPHD) has been responsible for helping to protect, maintain, and improve the health of the Pasadena community. The Pasadena Public Health Department serves as the Local Governmental Agency (LGA) and administers the City-based Medi-Cal Administrative Activities (MAA) program. The Department provides MAA program oversight for City activities and participates in the LGA Consortium of cities and counties administering the MAA program state-wide.

As the LGA, the Department delivers the same oversight for the Pasadena Unified School District's MAA program for the last 16 years. The Department collects school data and prepares invoices requesting federal reimbursement for the cost of specific administrative activities necessary for the proper and efficient administration of the Medi-Cal program within the school district. In addition, PPHD performs administrative functions including retaining documentation related to audit materials, responding to inquiries resulting from state and/or federal audits, and participating in mandatory meetings and trainings.

MAA-reimbursable activities include efforts such as conducting Medi-Cal outreach, assisting applicants with the Medi-Cal application, referring and monitoring use of Medi-Cal services, program planning and policy development, and coordinating MAA claims administration.

As the LGA, PPHD serves as a funding pass-through between the California Department of Health Care Services (DHCS) and PUSD. Based on the Medi-Cal-related activities that are conducted by PUSD, reimbursement claims are limited to:

- \$900,000 for the budget period of 07/01/14 through 06/30/15;
- \$1,250,000 for the budget period of 07/01/15 through 06/30/16;
- \$1,400,000 for the budget period of 07/01/16 through 06/30/17

As proposed in the contract, PPHD will collect 6% of payments issued by DHCS to PUSD as an administrative fee. The fee was negotiated with PUSD to ensure PPHD staff time and related program expenses are funded to avoid any potential negative fiscal impact to the Department. DHCS is provided up to eighteen months from the invoice date to issue payments. As such, PPHD is not recommending the City Council recognize new revenue at this time and instead, will return to City Council with a request to recognize revenue as the City receives payments by the State.

The proposed agreement is retroactive to July 1, 2014. The process for finalizing a mutually acceptable agreement with PUSD required more time to complete than anticipated. The lengthy process was due in part to a new methodology devised by DHCS for claims reimbursement. With the new claims process, PPHD staff had to conduct a thorough assessment of the methodology to calculate an administrative fee and negotiate the rate with PUSD.

The Pasadena Public Health Department has been providing these services to PUSD since at least 1999 at which time the City Council authorized the contract. Since then subsequent agreements have been approved in 2005, 2006, 2009, 2010 and 2011. In these instances Council authorization was not sought because the value of the contract to the City was less than the amount requiring City Council authorization. Nevertheless, given the multiple year nature of the proposed agreement and the cumulative dollar value to the City, City Council authorization is requested.

**COUNCIL POLICY CONSIDERATION:**

The proposed action is consistent with the City Council's Strategic Plan Goal to Ensure Public Safety by helping to provide access to health care and utilization of health benefits.

**FISCAL IMPACT:**

Over the term of the contract, potential new revenue for PPHD amounts to \$213,000. PPHD proceeds from the SMAA program are dependent on PUSD Medi-Cal activities eligible for reimbursement by DHCS. No new appropriations are being requested.

Respectfully submitted,



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