



**Agenda Item No. 5
July 2, 2014 Meeting**

DATE: June 23, 2014
TO: Children and Families Commission of Orange County
FROM: Christina Altmayer, Executive Director 
SUBJECT: Receive Update on Fiscal Leveraging Program and Approve Modified Retention and Fiscal Audit Provision for Organizations Participating in Targeted Case Management Programs

SUMMARY:

A key component of the Children and Families Commission's sustainability plan is working with grantees to support them in leveraging available and appropriate state and federal dollars. The Commission partners with the County of Orange Health Care Agency to execute the Medicaid related fiscal leveraging strategy. This agenda item provides an update on the Medicaid fiscal leveraging programs and requests confirmation of modified retention and fiscal audit provisions to be included in Commission contracts with agencies accessing these leveraged funds.

Fiscal Leveraging Program for Sustainable Community Investments

Fiscal leveraging is the process of using Proposition 10 revenue to match other available funds including federal, state, or other grant funding sources. The Commission, in partnership with the County of Orange Health Care Agency, has developed a local capacity for agencies to leverage Commission Proposition 10 grant awards as eligible certified public expenditures to receive Federal Medicaid reimbursement for their participation in:

- Medi-Cal Administrative Activities (MAA) - outreach to assist individuals to access Medi-Cal and health care services.
- Targeted Case Management (TCM) - case management program targeting high-risk populations to assist them in gaining access to needed medical, social, educational, and other services.
- Early and Periodic Screening Diagnosis and Treatment (EPSDT) - provision of mental health services to children.

The community benefits in using Proposition 10 revenue to leverage MAA and TCM include:

- Increased access for children to community health prevention and medical services. Agencies leveraging dollars can incrementally increase service capacity over time to meet community demands.
- Increased responsiveness of the health care system in providing health care services for young children and their families. MAA activities include developing strategies to increase system capacity, close service gaps, and promote inter-agency coordination.
- Increased overall fiscal stability, flexibility and responsiveness of community- based agencies during fluctuating economic conditions.

Due to Commission and community efforts to increase the number of children who have and use health coverage, 94 percent of Orange County's children under the age of six are insured (*U.S.*

Census 2011 data). Approximately 40 percent of these children are enrolled in Medi-Cal (*CalOptima Fast Facts, June 2014 and California Department of Finance data*).

Fiscal Leveraging Program Highlights

The Commission approved its Fiscal Leveraging Plan with the County in December 2001. Since inception of the program, 32 agencies have participated in MAA, six agencies have participated in TCM, and three agencies in EPSDT claiming, in addition to the Commission's participation in MAA. Total reimbursements generated to date include over \$45 million as indicated on Attachment 1. To effectively implement the fiscal leveraging programs, and ensure program compliance, the Fiscal Leveraging Management Team has diligently developed and refined grantee trainings and tools. This training helps to ensure that staff are accurately implementing fiscal leveraging guidelines and are maximizing reimbursement potential. The Fiscal Year 2013/14 Community Plan Claiming Units include:

- 16 MAA grantees and Commission staff/consultants
- 4 TCM grantees
- 3 EPSDT grantees
- Approximately 125 grantee and Commission staff who will participate in program training

The Commission's investment in Public Health Nursing (PHN) is not reflected in Attachment 1. Public Health Nursing reimbursements and reinvestments are tracked separately by the County and are not part of the Community Program Fiscal Leveraging Plan.

Several new claiming units started participating in FY 2013/14 including: Boys and Girls Clubs of Garden Grove, Mission Hospital, Help Me Grow Orange County, and The Center for Autism and Neurodevelopmental Disorders of Southern California. Also, the California Department of Health Care Services released new program policies and procedures that required several local program processes to be updated to align with the new procedures including developing new tools and increased trainings. The Fiscal Leveraging Management Team has been adapting the current systems and processes to meet the new requirements.

Modified Retention and Fiscal Audit Provisions

The fiscal leveraging program activities include complex arrangements in relation to contractual responsibilities, reporting responsibilities and the flow of dollars between County, Commission, Commission community grantees and the State. Claims can only be submitted to the State when actual payment has been made by the Commission for contracted services. Claims for reimbursement cannot be submitted to the state on funds retained by the Commission pending completion of the end of contract fiscal audit.

To address this cash flow requirement, the Commission previously modified the contracting approach with fiscal leveraging agencies to allow the Executive Director to waive or amend the retention requirements so that participating agencies would not experience an audit exception based on timing of actual payments for services and claims submitted to the state. Reimbursements for TCM and MAA would create a revenue source for grantees to repay the Commission for audit exceptions that may be identified by the end of contract fiscal audits. Commission authorization is recommended to continue the modified retention and fiscal audit policy for Commission grantees participating in the MAA and TCM programs.

	TCM Program	MAA Program
Requested Waiver	Waive the 10% retention requirement. A fiscal audit for the program services would still be submitted at the end of the contract term but the retention amount would not be held pending submission of the completed fiscal audit.	Withhold entire final monthly/quarterly invoice pending the timely and successful completion of a fiscal audit for the program services (instead of 10% of each invoice).
Participating Agencies	Bridges Maternal Child Health Network home visitation providers (Children’s Bureau of Southern California, Orange County Child Abuse Prevention Center, MOMS Orange County), the VNA Foundation of Orange County, and the Boys and Girls Clubs of Garden Grove.	Hospitals participating in the Bridges Maternal Child Health Network (10 eligible providers).

To formalize this practice, staff has recommended changes to the Commission’s Administrative Policy and Procedure 6.8: Contract Management. The recommended policy change is presented in conjunction with the Commission’s annual review of Policies and Procedures, presented as Agenda Item 1.

Program Challenges

On March 11, 2013 the Department of Health Care Services (DHCS) began a field audit of the Health Care Agency’s Targeted Case Management (TCM) Cost Reports of the Commission funded TCM Programs for FY 2007/08. Provider programs audited include: Children’s Bureau of Southern California, MOMS Orange County, Orange County Child Abuse Prevention Center, St. Jude Medical Center and VNA Foundation of Orange County.

In November 2013, the state auditors conducted exit conferences with the service providers, Health Care Agency staff and Commission representatives. Orange County representatives were provided with draft findings that could result in repayment of funds to the state, but the final audit documents have not yet been received. The Fiscal Leveraging Management Team, comprised of county and Commission representatives, will continue to monitor the process to assess implications for implementing Orange County programs.

STRATEGIC PLAN & FISCAL SUMMARY:

The fiscal leveraging program and update have been specifically reviewed in relation to the Strategic Plan and is designed to further the Healthy Children Goal, among others. This agenda item does not include a funding request.

PRIOR COMMISSION ACTIONS:

- April 2013 - Received update on County partnerships

- November 2008 – Received update on impact of MAA and TCM Fiscal Leveraging community program
- November 2002 - Approved revised fiscal leveraging MOU with County of Orange
- December 2001 - Approved fiscal leveraging plan

RECOMMENDED ACTIONS:

1. Receive update on Commission's fiscal leveraging program.
2. Approve modified retention/fiscal audit provision for the Bridges Maternal Child Health Network providers, and organizations participating in Targeted Case Management programs, for the period July 1, 2014 through June 30, 2017 incorporating the modified retention/fiscal audit provisions, subject to review and approval by Commission Counsel for compliance with this authorization.

ATTACHMENT:

1. Summary of Fiscal Leveraging Reimbursements

Contact: Alyce Mastrianni

Summary of Fiscal Leveraging Reimbursements
FY 2000/01 - FY 2013/14

Strategy	00/01 – 04/05	05/06 – 09/10	10/11	11/12	12/13	13/14	Total to Date
MAA for Grantees	\$3,382,299	\$3,540,107	\$585,375	\$315,144	In progress	In progress	\$7,822,925
TCM for Grantees	\$2,792,727	\$4,567,749	\$1,299,212	\$1,078,879	\$1,080,331	In progress	\$10,818,898
EPSDT for Grantees	\$3,356,894	\$8,726,353	\$1,826,569	\$1,882,528	\$2,259,142	\$2,318,073	\$20,369,559
MAA for Commission	\$4,374,681	\$1,447,037	\$234,896	\$204,011	In progress	In progress	\$6,260,625
TOTAL TO DATE *	\$13,906,601	\$18,281,246	\$3,946,052	\$3,480,562	\$3,339,473	\$2,318,073	\$45,272,007

MAA= Medi-Cal Administrative Activities

TCM = Targeted Case Management

EPSDT = Early and Periodic Screening, Diagnosis and Treatment

* Total doesn't include estimated \$636,000 interest and \$1.7 million payments pending resolution of a CMS/DHCS audit.