



TOBY DOUGLAS
DIRECTOR

State of California—Health and Human Services Agency
Department of Health Care Services



EDMUND G. BROWN JR.
GOVERNOR

September 20, 2013

PPL:13-001

TO: ARTICLE 13 COUNTY ADMINISTRATIVE OFFICERS
ARTICLE 13 COUNTY HEALTH EXECUTIVES

**SUBJECT: AB 85 Historical Data Request and Tentative Decision Form –
Article 13 Counties**

Purpose

This policy and procedure letter is to provide guidance to the Article 13 counties regarding the submission of the county's historical data and tentative decision form to meet the provisions specified in Assembly Bill (AB) 85 (Chapter 24, Statutes of 2013).

The Article 13 counties referred to in this letter are the counties of Fresno, Merced, Orange, Placer, Sacramento, San Diego, San Luis Obispo, Santa Barbara, Santa Cruz, Stanislaus, Tulare and Yolo.

Background

California elected to implement a state-run Medicaid Expansion afforded by the Affordable Care Act. On June 27, 2013, Governor Brown signed into law AB 85 that provides a mechanism for the State to redirect State health realignment funding to fund social service programs.

The redirected amount for the Article 13 counties will be determined according to the formula options that were developed in consultation with the counties and the Department of Health Care Services (DHCS) to ensure continued viability of the county safety net, and ensure that counties retain sufficient health realignment funds for public health activities and for remaining indigent obligations.

AB 85 presented the Article 13 counties the option to choose one of the following options to calculate the redirection amount:

- The 60/40 Formula approach redirects 60 percent of the 1991 health realignment funds and 60 percent of the county maintenance of effort.

- The County Savings Determination Process is the formula-based approach that measures actual county health care cost and revenues, and redirects 80% (70% in fiscal year (FY) 2013-14) of the savings realized by the county.

AB 85 requires counties to tentatively inform DHCS of the option selected to calculate their redirection amount by November 1, 2013. Enclosed is the Tentative Decision Form for counties to complete. The Tentative Decision Form will inform DHCS of the option each county has tentatively chosen.

AB 85 requires counties that select the formula approach to submit their historical amounts to DHCS for review. The formula-based approach uses the county's revenues for FY 2008-09 through FY 2011-12 to determine percentages or historical amounts used for indigent health services in the annual redirection formula. Enclosed are the Historical Data Submission Guide and Historical Data Submission Form. The Historical Data Submission Guide will provide counties with guidance on completing the Historical Data Submission Form that will be used to determine the percentages or historical amounts. The Historical Data Submission Form is to be completed by the counties and submitted by October 31, 2013.

Please see below for additional information regarding the enclosed documents:

Tentative Decision Form

As required by Section 17600.50(b) of the Welfare and Institutions (W&I) Code, each county is required to tentatively inform the State by November 1, 2013 of the option selected to determine the amount of savings to be redirected. The tentative decision form provides a mechanism for counties to notify the State of their tentative decision.

Please complete and return the form to:

Department of Health Care Services
Realignment Unit, MS 4519
P.O. Box 997436
Sacramento, CA 95899-7436

Historical Data Submission Form

Section 17613.3(c)(1) states that by October 31, 2013, each county must determine the predetermined amounts or historical percentages and provide the calculation to DHCS. This worksheet serves as the data submission for the historical amounts and percentages. The data provided should be accompanied by supporting documentation and source documents as noted in the historical data submission guide.

The completion of this data submission form is only necessary to the extent that a county elects to pursue the County Savings Determination Process which is the formula-based approach option for calculating the county's redirection amount.

Historical Data Submission Companion Guide

This document further explains the data DHCS requests the counties to report in the historical data submission form.

Certification Form

A certification by an appropriate county official on behalf of the county is requested along with the data submission. The county official must certify that the data submitted is true and accurate.

Thank you for your collaboration on this data submission effort. Please email all submissions to AB85@dhcs.ca.gov.

DHCS is available to meet with counties who need additional guidance or answer any questions. Please contact Michelle Gibbons, Chief of the Realignment Unit at (916) 552-8494 or AB85@dhcs.ca.gov.

Thank you,

Original Signed by Betty Lai for Pilar Williams

Pilar Williams
Deputy Director, Health Care Financing

Enclosures:

- Tentative Decision Form
- Historical Data Submission Guide
- Historical Data Submission Form
- Certification Form

cc's: See Next Page

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cc: Diane Cummins
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Tentative Decision for Determining Payments to the Family Support Subaccount

In compliance with section 17600.50 (b) of the Welfare and Institutions code relating to health and humans services, Article 13 Counties (which include, Fresno, Merced, Orange, Placer, Sacramento, San Diego, San Luis Obispo, Santa Barbara, Santa Cruz, Stanislaus, Tulare, and Yolo) must tentatively inform the Director of the Department of Health Care Services by November 1, 2013 of whether the county is choosing the County Savings Determination Process or the 60/40 formula option.

_____ County tentatively chooses the option selected below
County Name

to determine payments to the Family Support Subaccount:

County Savings Determination Process - The formula pursuant to Welfare and Institutions (W&I) Code, Section 17613.1

OR

60/40 Formula - 60 percent of the 1991 health realignment funds that otherwise would have been allocated to the county and 60 percent of the county maintenance of effort, pursuant to W&I Code, Section 17600.50(b)(2).

The county acknowledges that the option selected in this letter is tentative and subject to change at the discretion of the county until the county informs the State of its final decision. The county acknowledges that it is required to adopt a resolution informing the State of its final decision by January 22, 2014. If the county fails to adopt a resolution informing the State by January 22, 2014, 62.5 percent of the total 1991 health realignment funds that otherwise would have been allocated to the counties and 62.5 percent of the maintenance of effort will be used in determining the payments to the Family Support Subaccount, pursuant to W&I Code, Section 17600.50(d)(1).

I hereby certify, under penalty of perjury, that I am the official responsible for tentatively informing the State by November 1, 2013 of the above option in said county for determining its payments to the Family Support Subaccount.

_____ Date _____
County Official (Signature)

County Official Title

**AB 85 - Article 13 Counties
Historical Data Submission Guide**

The data requested in this guide is intended for the following counties:

Fresno	Placer	San Luis Obispo	Stanislaus
Merced	Sacramento	Santa Barbara	Tulare
Orange	San Diego	Santa Cruz	Yolo

The data submitted will be used to calculate the historical percentages and amounts that will be applied annually to the county savings determination process for each county in accordance with Welfare and Institutions (W&I) code, Section 17613.1 and calculated pursuant to 17613.3. Please provide the data requested below for each of the historical fiscal years, which are FY 2008-09 to FY 2011-12. The data must be submitted to the State by October 31, 2013, in accordance with W&I Code, Section 17613.3(c)(1).

All data provided must be submitted with supporting documentation such as the applicable pages from the Comprehensive Annual Financial Report. All source documents and starting amounts must be clearly identified in the submission of the supporting documentation. DHCS reserves the right to request additional supporting documentation or clarification as needed to substantiate the data received from the county.

A signed certification by an appropriate county official (Auditor/Controller, CAO, or the Health Agency Director) must be submitted to DHCS attesting to the accuracy of the data submitted.

Additionally, the county may apply an allocation to determine the amounts of health realignment funds used for health services to indigent program individuals if the funding received is bundled with multiple funding sources. If an allocation is applied, supporting documentation, a written methodology and supporting calculations must be submitted, in addition to the amount reported on the data submission form.

All references to the indigent program individuals are referring to the population included in the county's Section 17000 obligation. Section 17000 of the Welfare and Institutions code reads: "Every county and every city and county shall relieve and support all incompetent, poor, indigent persons, and those incapacitated by age, disease, or accident, lawfully resident therein, when such persons are not supported and relieved by their relatives or friends, by their own means, or by state hospitals or other state or private institutions."

**AB 85 - Article 13 Counties
Historical Data Submission Guide**

1. Health Realignment Indigent Care Percentage – data submissions

The health realignment indigent care percentage is the county-specific percentage of the 1991 Health Realignment Funds used for health services to the indigent.

The county should not include their 1991 health realignment maintenance of effort (MOE) amounts when reporting data related to the health realignment amounts received and/or used to support health services to the indigent. The MOE will be reported separately. If the county does not account for their 1991 health realignment MOE amount and health realignment amounts separately, the county may apply an allocation methodology. A written methodology, supporting calculations and documentation must be submitted in addition to the amounts reported on the data submission form.

1a. 1991 Health Realignment funds from the State to the county

Provide the **total amount** of 1991 Health Realignment funds from the State, **received** by the county for each fiscal year. The funding should be reported using the allocation from the different accounts in the data submission form.

Health realignment funds include the amounts allocated to the county from the following accounts:

- i. Sales Tax Account and Sales Tax Growth Account
- ii. Vehicle License Fee Account and Vehicle License Fee Growth Account

If the county accrues health realignment revenues and expenditures on a 12 month period that is different than the State Controller's Office, the county must submit the documentation for the 12 month period on which their reported realignment funds are based on.

For example, SCO published realignment funds for FY 2011-12 is based on a year to date of August 16, 2011 – August 15, 2012 for sales tax, and July 16, 2011 – July 15, 2012 for vehicle license fees. If the county's FY 2011-12 realignment funds are not based on these dates, then the county shall submit documentation for the 12 month period that the realignment funds are based on.

The same accrual methodology should be applied for each historical year.

Links to SCO published health realignment amounts:

[FY 2008-09: http://www.sco.ca.gov/ard_payments_realign_fy0910_base.html](http://www.sco.ca.gov/ard_payments_realign_fy0910_base.html)

[FY 2009-10: http://www.sco.ca.gov/ard_payments_realign_fy1011_base.html](http://www.sco.ca.gov/ard_payments_realign_fy1011_base.html)

**AB 85 - Article 13 Counties
Historical Data Submission Guide**

[FY 2010-11: http://www.sco.ca.gov/ard_payments_realign_fy1112_base.html](http://www.sco.ca.gov/ard_payments_realign_fy1112_base.html)

[FY 2011-12: http://www.sco.ca.gov/ard_payments_realign_fy1213_base.html](http://www.sco.ca.gov/ard_payments_realign_fy1213_base.html)

1b. 1991 Health Realignment used to provide health services to indigent program individuals

Provide the **total amount** of Health Realignment Funds **used** by the county to provide health services to indigent program individuals. This amount should exclude funds for:

- i. Public health services and
- ii. Jail health services.

The health realignment indigent care percentage will be calculated by dividing the amount provided in (1b) by the amount provided in (1a) for each historical year.

Please note that if this data is not provided by the county for any of the historical years, or is insufficient to perform the calculation, the health realignment indigent care percentage used in the annual redirection calculation, for the county will be 85%.

2. Imputed County Low-Income Health Amount (County Subsidy) - data submissions

The imputed county low-income health amount is the amount of county general fund contributions provided for health services to the indigent.

2a. County general fund contribution

Provide the **amount** of county general purpose funds **provided** for health services to indigent program individuals. This amount should exclude funds provided for:

- Mental health,
- Substance use disorder services,
- Public health services and
- Jail health services.

This amount should include funding spent for contracts with non-county providers, as well as the county general fund support for health services to indigent program individuals in county-run clinics (if applicable).

AB 85 - Article 13 Counties Historical Data Submission Guide

This amount should also include the county's 1991 health realignment MOE provided to support health services to indigent program individuals.

The county may apply an allocation to determine the amount of county general funds provided for health services to indigent program individuals, if this information is not tracked separately. If an allocation is applied, a written methodology, supporting calculations, and documentation must be submitted in addition to the amount reported in the data submission form.

3. SPECIAL LOCAL HEALTH FUNDS (TOBACCO SETTLEMENT FUNDS) - DATA SUBMISSIONS

Special local health funds are the amount of tobacco settlement funds used for health services to the indigent.

3a. County Tobacco Settlement funds available to the county

Provide the **total amount** of funds **available** to the county from the Master Settlement Agreement entered into on November 23, 1998 by the State and leading US tobacco product manufacturers.

3b. Costs of Bonds and Securitization

Of the total available county tobacco settlement funds determined in 3a above, provide the amounts **used** for bonds and securitization.

3c. Tobacco Settlement funds used by the county to provide health services to indigent program individuals

Provide the **total amount** of tobacco funds **used** by the county for health services to indigent program individuals. This amount should be net any costs of bonds and securitization. The amounts reported should exclude tobacco settlement funds used for purposes other than health services to the indigent, which includes, but is not limited to funds used for:

- Mental health,
- Substance use disorder services,
- Public health services and
- Jail health services.

The county may apply an allocation to determine the amount of tobacco settlement funds used for health services to indigent program individuals, if this information is not tracked separately. If an allocation is applied, a written methodology, supporting calculations, and documentation must be submitted in addition to the amount reported in the data submission form.

AB 85 - Article 13 Counties Historical Data Submission Guide

SUPPORTING DOCUMENTATION

Supporting documentation must be submitted to DHCS in order to substantiate all data provided in response to this data request. Sufficient supporting documentation would include the source data, a written methodology and supporting calculations (such as: excel files that show the calculations). DHCS reserves the right to request additional supporting documentation or clarification as needed to substantiate the data provided by the county.

Source Data

Source data contains the original amounts prior to any allocation methodologies or calculations being applied. For example, the county allocations of health realignment published on the SCO's webpage would be considered a source data as it contains the original amounts provided by the State to the county.

Written Methodology

A written methodology would be submitted for any amount reported that required the county to perform a calculation on the source data. The written methodology must guide the reviewer through the calculation performed and explain why the calculation was needed, including any assumptions that were made.

Supporting Calculations

Supporting calculations should contain formulas or steps that were performed in the allocation methodology allowing the reviewer to follow each step that was performed, starting with the original source data amount to the final amount that is report on the data submission form.

Examples of supporting documentation

- Comprehensive Annual Financial Report
- SCO published reports
- Contracts
- Chart of Accounts
- General ledger for expenditures and revenue by fund account
- Bridging documents maintained by program or accounting staff (e.g., excel tracking spreadsheets)
- Expenditure reports for each fiscal year
- County Budgets
- County Adhoc Reports
- County Invoices
- Remittance advices
- Paid Claims Reports

AB 85 Article 13 Data Submission Form

County Name _____

DATE _____

Data Input Required

Items from companion guide	REVENUES	Data Source	REVENUE OR COST	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
1			Health Realignment Indigent Care Percentage				
	1a		Total 1991 Health Realignment funds received from the State to the County:				
		i	Sales Tax Account and Sales Tax Growth Account				
		ii	Vehicle License Fee Account and Vehicle License Fee Growth Account				
	1b		Total 1991 Health Realignment used to provide health services to the indigent program individuals				
		i	Total 1991 Health Realignment funds for Public Health Services				
		ii	Total 1991 Health Realignment funds for Jail Health Services				
2			Imputed County Low-Income Health Amount (County Subsidy)				
	2a		County General Fund Contribution provided to provide health services to the indigent program individuals				
3			Special Local Health Funds (Tobacco Settlement Funds)				
	3a		Amount of County Tobacco Settlement Funds available from the Master Settlement Agreement				
	3b		Tobacco Settlement Funds used for Bonds and Securitized				
	3c		Amount of Tobacco Settlement Funds used to provide health services to the indigent program individuals				



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**AB 85 Data Submission
County Certification Form**

I hereby certify, under penalty of perjury, that the amounts reported in the data submission form and supporting documentation in said county for the period of _____ / _____ through _____ / _____ are, to the best of my knowledge, true and accurate.
Month/Year Month/Year

County Official _____ Date _____
Signature

County Official Title _____

County Name _____

Primary Contact: _____ Alternate: _____

Phone: _____ Phone: _____

Email: _____ Email: _____

Submit completed form to:
DEPARTMENT OF HEALTH CARE SERVICES
REALIGNMENT UNIT
P.O. BOX 997436, MS 4519
SACRAMENTO, CA 997413
EMAIL: AB85@dhcs.ca.gov