Voluntary Rate Range Intergovernmental Transfer Program

Frequently Asked Questions (FAQs)

Background

The Voluntary Rate Range Intergovernmental Transfer (VRR/IGT) Program is a Medi-Cal program funded by state funds (i.e., non-federal share) and matching federal funds. IGT programs let local government entities help the state fund Medi-Cal by making an intergovernmental transfer to the Department of Health Care Services (DHCS). These local government entities making an intergovernmental transfer are called governmental funding entities.

The program is authorized by federal and state law and is carried out periodically based on DHCS' decision. Participation is optional for managed care plans and governmental funding entities. DHCS uses the intergovernmental transfers from the governmental funding entities to secure matching federal funds for Medi-Cal.

FAQs

1. **What types of government entities are eligible to participate as governmental funding entities?**

   Intergovernmental transfers are transfers of funds from one government unit to another. Only governmental entities are eligible to participate in the VRR/IGT Program. Governmental entities are counties, cities, special purpose districts, state university teaching hospitals and other political subdivisions of the state.[1] DHCS has the authority to approve or disapprove participation by a governmental funding entity in the VRR/IGT Program.

2. **What types of providers can receive funds?**

   As part of the proposal submitted to DHCS, the governmental funding entity must submit a VRR/IGT Program Supplemental Attachment. This attachment lists the related provider, calculates the amount of uncompensated Medi-Cal costs for that provider, and shows how much of those costs the governmental funding entity can and is willing to contribute.[2]

3. **What is the total amount of funding available for the VRR/IGT Program?**

   The total amount of funding available is determined by DHCS and can change each program round.

[1] *See*, Social Security Act, Section 1903(w)(7)(G); Welfare & Institutions Code § 14164.
[2] *See* Welfare & Institutions Code § 14301.4.

4. **What are the requirements related to funds provided through intergovernmental transfers?**

   All intergovernmental transfers made to DHCS for obtaining matching funds must qualify and comply with requirements applicable to Medicaid funding under 42 CFR Part 433 Subpart B. The funding sources cannot come from impermissible sources such as recycled Medicaid payments, federal money excluded from use as state match, impermissible taxes and non-bona fide provider-related donations. Impermissible sources do not include patient revenues, including patient revenues from Medicare or Medicaid if those patient revenues are not specifically set aside for intergovernmental transfer for the VRR/IGT Program.

5. **Can non-governmental entities provide funding to a governmental entity for the intergovernmental transfer?**

   No, only governmental entities can transfer funds to DHCS for the VRR/IGT Program. These entities should consult their legal counsel to determine whether the funds they plan to use for the intergovernmental transfer are eligible for federal matching funds. Any transferred funds must comply with requirements applicable to Medicaid funding under 42 CFR Part 433 Subpart B. Refer to Question 4 above for more information on impermissible sources of funds.

6. **How much can each governmental funding entity contribute to the VRR/IGT Program?**

   The amount each governmental funding entity can contribute depends on:
   - The total amount of uncompensated Medi-Cal costs or charges (i.e., the difference between the provider's charges or costs for services provided to CalOptima Health members and payments received or expected from CalOptima Health for the applicable VRR/IGT Program year)
   - The level of funding each participating governmental funding entity is able to contribute
   - The total number of governmental funding entities participating in the VRR/IGT Program in Orange County.

   The total amount contributed by all participating governmental funding entities must not exceed DHCS' estimated non-federal share of the available amount. DHCS has the authority to approve or disapprove the level of participation by a governmental funding entity.

7. **How does CalOptima Health fund providers?**

   Any payments that CalOptima Health makes to providers must follow the requirements of CalOptima Health's contract with DHCS and must be connected to Medi-Cal services provided to CalOptima Health members. These payments are meant to reimburse unpaid or uncompensated Medi-Cal costs.

8. **What is CalOptima Health's role in the VRR/IGT Program?**

   When notified by DHCS of an upcoming VRR/IGT funding round, CalOptima Health notifies eligible governmental funding entities of the upcoming program funding round and the deadline for submission of documentation to DHCS.

CalOptima Health shares the needed documents with governmental funding entities, including template letters of interest and VRR/IGT Program Supplemental Attachments, which the governmental funding entities must complete. If needed, CalOptima Health will collect documents for the proposal from governmental funding entities or direct the governmental funding entity to submit the required documents to DHCS.

CalOptima Health will make sure that the contributions from all participating governmental funding entities for a program period do not exceed 100% of the estimated non-federal share of the available funding amount provided by DHCS. CalOptima Health submits the proposal to participate in a VRR/IGT Program each program period based on the timeline set by DHCS.

9. What is the DHCS review process?

Each proposal submitted for a VRR/IGT Program period is reviewed by DHCS. DHCS has the right to approve, amend or deny the proposal as it sees fit.

For any other questions about the VRR/IGT Program in Orange County, please contact strategicdevelopment@caloptima.org.

Resources

- Social Security Act § 1903(w) (codified at 42 USC § 1396b(w)).
- 42 CFR §§ 433.50 – 433.74.
- Welfare & Institutions Code §§ 14164, 14301.4, 14301.5.
- DHCS Care Coordination Advisory Committee, Medi-Cal Sources of Non-Federal Share, *available at* https://www.dhcs.ca.gov/services/Documents/CareCoordination/CCAG_Sources_of_Non-Federal_Share_Final.pdf
- Medicaid Program; Cost Limit to Providers Operated by Units of Government and Provisions to Ensure the Integrity of Federal-State Financial Partnership, 72 Fed. Reg. 29748 (final rule, May 29, 2007) *available at* https://www.federalregister.gov/documents/2007/05/29/07-2657/medicaid-program-cost-limit-for-providers-operated-by-units-of-government-and-provisions-to-ensure. (**NOTE:** Regulations in this document were repealed because they were enacted in violation of a moratorium on provider financing regulations. *See* Medicaid Program; Cost Limit for Providers Operated by Units of Government and Provisions To Ensure the Integrity of Federal-State Financial Partnership, 75 Fed. Reg. 73972 (final rule, Nov. 30, 2010), *available at* https://www.federalregister.gov/documents/2010/11/30/2010-30066/medicaid-program-cost-limit-for-providers-operated-by-units-of-government-and-provisions-to-ensure).
- Medicaid Program; Cost Limit for Providers Operated by Units of Government and Provisions To Ensure the Integrity of Federal-State Financial Partnership, 72 Fed. Reg. 2236 (proposed Jan. 18, 2007), *available at* https://www.federalregister.gov/documents/2007/01/18/07-195/medicaid-program-cost-limit-for-providers-operated-by-units-of-government-and-provisions-to-ensure.
- Medicaid Program; Health Care-Related Taxes, 73 Fed. Reg. 9685 (final rule, Feb. 22, 2008), *available at* https://www.federalregister.gov/documents/2008/02/22/E8-3207/medicaid-program-health-care-related-taxes.
- Health Care Financing Administration, 57 Fed. Reg. 55118 (interim final rule, Nov. 24, 1992), *available at* https://archives.federalregister.gov/issue_slice/1992/11/24/55091-55148.pdf#page=28.