



Board Agenda Item 72

DATE: June 16, 2026

TO: Board of Supervisors

SUBMITTED BY: Joe Prado, Director, Department of Public Health
John Zaroni, Sheriff-Coroner-Public Administrator

SUBJECT: Medi-Cal County Inmate Program Participation Agreement and Administrative Services Agreement

RECOMMENDED ACTION(S):

- 1. Approve and authorize the Chairman to execute a Participation Agreement with the California Department of Health Care Services for participation in the Medi-Cal County Inmate Program, effective July 1, 2026, which will remain in effect until terminated by either party pursuant to and in accordance with the requirements and conditions set forth in this Participation Agreement, for an estimated amount of \$950,000; and**
- 2. Approve and authorize the Chairman to execute an Administrative Services Agreement with the California Department of Health Care Services to allow reimbursement for administration of the Medi-Cal County Inmate Program for State Fiscal Year 2026-29, effective July 1, 2026, through June 30, 2029, total not to exceed \$38,534.**

Approval of the first recommended action will allow medical providers to seek reimbursement from the California Department of Health Care Services (DHCS) Medi-Cal County Inmate Program (MCIP) for covered inpatient hospital services (covered services) rendered to eligible County adult inmates and juvenile wards (eligible inmates) effective July 1, 2026, until such time as either party provides written notice of non-renewal. Approval of the second recommended action provides for the reimbursement to DHCS for their service costs to administer the MCIP. This item is countywide.

ALTERNATIVE ACTION(S):

Should your Board not approve the recommended actions, providers would not be reimbursed by DHCS for covered services provided to eligible inmates who are incarcerated at Fresno County Adult Detention Facilities (Jail) and the Juvenile Justice Campus (JJC). Furthermore, the County would retain responsibility for payment to providers for these services. County provider participation in MCIP is contingent upon maintaining both the Administrative Services and Participation Agreements with DHCS.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The estimated three-year maximum compensation is \$950,000 for the Medi-Cal County Inmate Program Participation Agreement, which allows the County to participate in the MCIP. DHCS will also charge the County an annual administrative service fee of \$11,871 for year one, \$12,813 for year two, and \$13,850 for year three, which is based on a methodology specified in the proposed Administrative Services Agreement with a maximum compensation of \$38,534 for the three-year agreement. Sufficient appropriations and estimated revenues

will be included in the Department of Public Health's Org 5620 FY2026-27 Recommended Budget and will be included in future budget requests.

DISCUSSION:

Federal law generally prohibits claiming Medicaid funds to reimburse health care services provided to inmates residing in correctional facilities. However, this prohibition does not apply to inpatient hospital services, including inpatient psychiatric services and physician services provided to an eligible inmate at a medical facility that is located off the grounds of the correctional facility and when the inpatient hospitalization is expected to be for at least 24 hours. Assembly Bill 1628 (Chapter 729, Statutes of 2010) and Assembly Bill 396 (Chapter 394, Statutes of 2011) authorized DHCS and counties to claim Federal Financial Participation (FFP) for medical and psychiatric inpatient hospital services provided to County Medi-Cal eligible inmates housed in county correctional facilities.

On April 2, 2018, your Board approved Agreement No. 18-169 (Jail), and also on June 18, 2024, Agreement No. 24-312 (JJC) with California Forensic Medical Group, Inc., (now Wellpath). These agreements provide for participation in MCIP for inpatient hospitalization services. In addition, on May 8, 2018, your Board approved the designation of the Sheriff's Office as an entity to assist County Jail inmates with their health care applications to include MCIP applications. This designation allows the Sheriff's Office to assist and act on behalf of those inmates who are unwilling, incapacitated, and/or otherwise unable to participate in the application process under the MCIP.

The County must have an executed MCIP Participation Agreement with DHCS prior to provider direct submittal of service claims. The agreement sets forth the terms and the County shall retain financial responsibility for inpatient hospital services provided to inmates and wards who are not eligible for MCIP. Generally, these are inmates and wards receiving a pension or who have a source of income that is above the allowable Medi-Cal limit.

As part of the MCIP Participation Agreement process, the Department submitted the MCIP Letter of Intent Medi-Cal County Inmate Program County Participation Form for the State Fiscal Year (SFY) 2026 through SFY 2029, included on file with Clerk. The form allowed DHCS to determine the County's administrative services costs, which are included in the recommended MCIP Administrative Services Agreement. Continued county provider participation in MCIP is contingent upon approval of both agreements and the County must enter into both a new Participation Agreement and Administrative Services Agreement to allow for continued MCIP provider invoicing beyond June 30, 2026.

This Participation Agreement has an estimated maximum compensation of \$950,000 and DHCS will charge the County the Non-Federal Share of Medi-Cal fee-for-service payments to providers. The actual amount may vary due to several factors, including the 2024 Medi-Cal provider reimbursement increase which has raised the County's share of the Federal Financial Participation (FFP) and the California Advancing and Innovating Medi-Cal (CalAIM) initiative for Services and Supports for Justice-Involved Adults and Youth which may reduce actual Participation Agreement costs. The initiative aims to improve health outcomes for justice-involved individuals by enrolling them in Medi-Cal Managed Care and providing targeted services during incarceration and up to 90 days before release, ensuring continuity of coverage.

DHCS will charge the County an annual administrative fee of \$11,871 for year one, \$12,813 for year two, and \$13,850 for year three (\$38,534), which is based on a methodology specified in the proposed Administrative Services Agreement, Addendum A. The methodology for calculating the County's share of DHCS administrative costs is based on population data with 30% of the total administrative costs being distributed evenly to participating counties of over 50,000 in population and 70% of the total administrative costs being allocated to participating counties pro-rata based on population. To account for the cost-of-living adjustment on a yearly basis after year one, DHCS will include a year-over-year growth factor of 8% to the maximum payable amount of the annual administrative cost for each subsequent SFY. DHCS will invoice the County for the administrative costs quarterly after the close of the previous quarter based on actual administrative

costs.

The recommended agreements contain language stating that the County agrees to indemnify DHCS and although neither agreement contains the standard County indemnification language and insurance requirements, given the nature of this agreement, the Department is of the opinion that the agreements are in the County's best interest. The recommended agreements allow DHCS to draw Federal funds for allowable services, which in turn allows the County to realize a savings for costs that would have otherwise been incurred. The Participation Agreement also contains Business Associate language.

DHCS has clarified that the recommended Participation Agreement, while containing evergreen language, shall remain in effect for a maximum of three years (July 1, 2026, through June 30, 2029) and only as long as the County remains in an Administrative Services Agreement with DHCS and should that Administrative Services Agreement terminate, the Participation Agreement will automatically terminate as well. The Participation Agreement shall remain in effect upon the same terms and conditions unless written notice of non-renewal is given by either party to the other party by providing a 30-day written notice. The Administrative Services Agreement shall be effective from July 1, 2026, through and including June 30, 2029, unless written notice of non-renewal is given by either party to the other party by providing a 30-day written notice. Termination of the proposed Administrative Services Agreement will automatically terminate the Participation Agreement. Failure to enter into an Administrative Services Agreement with DHCS will also deem the Participation Agreement terminated.

REFERENCE MATERIAL:

BAI #54, June 18, 2024
BAI #38, April 11, 2023
BAI #40, July 7, 2020
BAI #44, October 8, 2019
BAI #36, May 8, 2018
BAI #8, April 3, 2018
BAI #26, February 7, 2017
BAI #36.1, December 6, 2016

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Participation Form from DHCS
On file with Clerk - Participation Agreement with DHCS
On file with Clerk - Administrative Services Agreement with DHCS

CAO ANALYST:

Ronald Alexander