

# Memorandum



**Date:** September 17, 2021

**To:** Honorable Chairman Jose "Pepe" Diaz  
and Members, Board of County Commissioners

**From:** Daniella Levine Cava  
Mayor

A handwritten signature in blue ink that reads "Daniella Levine Cava".

**Subject:** Report on Intergovernmental Transfers with the State of Florida Agency for Health Care Administration on behalf of Banyan Community Health Center, Inc. – Directive No. 202435

On December 15, 2020, the Board of County Commissioners (Board) adopted Resolution No. R-1257-20, sponsored by then Acting Chairwoman Rebeca Sosa, directing the Mayor or the Mayor's designee to: (1) explore opportunities to participate in intergovernmental transfers with the State of Florida Agency for Health Care Administration as part of the Low Income Pool on behalf of Banyan Community Health Center, Inc., for the purpose of expanding health care services in Miami-Dade County in an amount not to exceed \$500,000.00; and (2) explore entering into any necessary agreements, including a letter of agreement with the State of Florida Agency for Health Care Administration, subject to Board approval, to effectuate same.

## Background

Under Chapter 2016-241, Laws of Florida (Senate Bill 12, F.S.), the Florida Legislature required that counties develop and implement plans for designated receiving systems and transportation of individuals requiring substance abuse and/or mental health treatment, in compliance with the Baker Act and Marchman Act. In fulfillment of this Florida statute, the Board adopted Resolution No. 782-17, creating the County's designated receiving system and transportation plan and further authorizing a multiyear contract with Thriving Mind (also known as South Florida Behavioral Health Network) to serve as a managing entity in distributing \$1 million in County funds annually to expand mental health and addiction services for uninsured persons residing within the County. Thriving Mind subsequently entered in to contract with Banyan Health to serve as the designated central receiving facility for the county. As such, Banyan Health under the supervision of Thriving Mind becomes the sole recipient of \$1 million in County funds to serve as the designated receiving facility and provide mental health and addiction services to uninsured persons within the county.

This report explores Banyan Health's request that Miami-Dade County issue a nonbinding Letter of Agreement to AHCA annually, stating the County's intention to provide \$500,000 through an intergovernmental transfer on Banyan's behalf to the AHCA Medicaid Low-Income Pool for Federally Qualified Health Centers (Attachment 1 draft Letter of Agreement). The Letter of Agreement would designate Banyan Health as the local medical facility to receive this County contribution and resulting federal matching funds through AHCA. The Center for Medicare and Medicaid Services (CMS) requires that Medicaid funds be expended only for uncompensated medical care provided to low-income, lawful residents of the State of Florida and of the County.

Staff met and held numerous discussions with several key stakeholders in exploring this opportunity, including Thriving Mind, Banyan Community Health Center, Inc., Florida Association of Community Health Centers, Agency for Health Care Administration, and Florida Department of Children and Families. Staff also reviewed state and federal laws and regulations, specifically pertaining to intergovernmental transfers, Medicaid and the AHCA Low Income Pool program, cases of problematic intergovernmental transfers involving Medicare and Medicaid in other states, and scholarly literature on Medicaid regulations and compliance issues.

## Intergovernmental Transfers to AHCA

To execute such an intergovernmental transfer of \$500,000 to AHCA on behalf of Banyan Health, the County would need to submit a nonbinding Letter of Agreement to AHCA by October 1, 2021 and

subsequently obtain Board approval to: 1) execute a intergovernmental transfer with AHCA to the Low Income Pool on behalf of Banyan Community Health Center, Inc. 2) amend the County's existing contract with Thriving Mind reducing the annual allocation of funding from \$1 million to \$500,000; and 3) execute a Memorandum of Agreement with Banyan Health, stipulating requirements for the future use of AHCA funding, including federal matching funds and accountability. Subsequently the County, would be required to submit to AHCA copies of the County's resolution in support of the Letter of Agreement and process the intergovernmental transfer of funds to AHCA by their tentative deadline of December 2021 or January 2022.

#### Benefits and Risks

The chief benefit to the County in executing an intergovernmental transfer on behalf of Banyan would be their potential receipt of additional federal Medicaid matching funds to provide medical care to low-income, uninsured, and underinsured lawful residents in the County allowing for the expansion of the designated receiving facility and related services. Banyan would agree to provide mental health and substance abuse services exclusively for adults and minors who have interacted with local law enforcement which would have the effect of potentially directing such individuals to medical care rather than County jails and juvenile detention centers, thereby reducing County costs. Lastly, the receipt of additional funding would allow Banyan to expand the service area for the designated receiving facility to include 10-12 additional ZIP codes within the county.

In exploring intergovernmental transfer opportunities with AHCA as part of the Low Income Pool, it is important to note certain risks such as the potential loss of control over such funds, resulting restrictions placed on both the original contribution as well as the federal matching funds, and the possibility of abuses and resulting investigations and legal proceedings. When an intergovernmental transfer is made to AHCA, the contributing party loses control over those funds and the state then possesses full legal authority to determine how those funds will be utilized, if funding will be returned to the contributing locality, and the amount of funding returned. Once funding is transferred to AHCA, a refund cannot be sought from either AHCA or the provider on whose behalf the transfer is made. Further, AHCA will not guarantee that local funds will be used exclusively in the locality where it originated, and will only indicate that such use is "highly likely." In fact, the AHCA website indicates that AHCA can take a percentage of intergovernmental transfer funds for its own administrative expenses. At most, the contributing party could execute a Memorandum of Agreement with the local party on whose behalf the transfer is made over its use of funds from AHCA. AHCA has verbally confirmed that such an agreement would be acceptable in principle. Moreover, any local transfers made to AHCA become AHCA funds and are then subject to AHCA and Medicaid rules such as restrictions not allowing for the provision of services to undocumented residents.

The Office of Inspector General (OIG) and the Center for Medicare and Medicaid Services (CMS) of the U.S. Department of Health and Human Services (HHS) have reported abuses of the federal Delivery System Reform Incentive Payment (DSRIP) program, which facilitates the transfer of Medicaid funds to States. They have identified creative State financing schemes involving intergovernmental transfers as the principal source of these abuses of the DSRIP program. Such financing schemes may be performed by a State without local knowledge, input, or recourse. According to HHS, intergovernmental transfers "have come to be closely associated with, if not synonymous with, abusive schemes," and thus such transfers are now more closely scrutinized by OIG. Some inappropriate State financing schemes actually "take advantage of statutory and regulatory loopholes." States have contested OIG findings and resolutions are sought through protracted and costly litigation which could result in the temporary or permanent loss of funding for the local area.

Limited AHCA oversight of funded medical providers creates the potential for an array of risks. AHCA does not engage in monthly or annual compliance monitoring; they conduct audits only once every two-to-three years. In fact, AHCA encourages medical providers to engage in voluntary self-audits, particularly when the medical facility identifies violation of Medicaid laws or that overpayments have

occurred. AHCA seeks to issue one annual payment to medical providers midway through the fiscal year instead of monthly cost reimbursements. Thus, the amount of any potential repayments and penalties can increase substantially over the two or three-year review period. Florida statutes and AHCA regulations generally shift liability for the misuse of federal matching funds away from State and local governments to the designated medical provider, and AHCA encourages counties to assume no compliance monitoring role, thereby minimizing the County's exposure to liability.

This exploration of the inherent risks, limitations, and increased scrutiny associated with intergovernmental transfers is not intended to dissuade the Board from considering the execution of intergovernmental transfers but rather is offered in the interest of full transparency and to inform the Board's decision-making process in this regard. Although such an arrangement might set a precedent for the County, it should be noted that the Public Health Trust has previously engaged in such financial transactions and for the state fiscal year 2019-20 issued intergovernmental transfers to AHCA totaling approximately \$55.8 million in the hospital category and over \$13 million in the medical school physician practices category.

#### Conclusion

If the Board elects to consider authorizing such an intergovernmental transfer in the amount of \$500,000 to AHCA on behalf of Banyan, it is recommended that the County execute an amendment to the existing designated receiving system plan agreement, after review and approval by the County Attorney's Office, with Thriving Mind reducing the County's \$1 million allocation to \$500,000 and clarifying the organization's oversight and reporting responsibilities as it pertains to all AHCA dollars received by Banyan as a result of the transfer. Further, it is recommended that the County enter into a Memorandum of Understanding with Banyan that formalizes their verbal agreement to: 1) use all funding received by AHCA as a result of the transfer to maintain and expand central receiving system plan-related services and service area, including an additional 10 – 12 ZIP codes in the county; 2) report on the use of all AHCA funding used for these purposes in the same manner in which it reported on the County's original allocation through Thriving Mind; 3) allow Thriving Mind to have the same oversight of the ACHA dollars as it would for the County's original allocation; and 4) submit copies of Banyan's annual audit reports to the County. As indicated by both parties during the exploration of the opportunities to participate in such an intergovernmental transfer, Thriving Mind and Banyan are agreeable to these conditions.

Pursuant to Ordinance No. 14-65, this memorandum will be placed on the next available Board agenda. Should you have any questions or require additional information, please contact Daniel T. Wall, Assistant Director of the Office of Management and Budget at: 305-375-3594 or [dtw@miamidade.gov](mailto:dtw@miamidade.gov).

#### Attachment 1: AHCA Letter of Agreement Template

c: Geri Bonzon-Keenan, County Attorney  
Gerald K. Sanchez, First Assistant County Attorney  
Jess M. McCarty, Executive Assistant County Attorney  
Office of the Mayor Senior Staff  
David Clodfelter, Director, Office of Management and Budget  
Daniel T. Wall, Assistant Director, Office of Management and Budget  
Yinka Majekodunmi, Commission Auditor  
Melissa Adames, Director, Clerk of the Board  
Jennifer Moon, Chief, Office of Policy and Budgetary Affairs  
Eugene Love, Agenda Coordinator

## Low Income Pool Letter of Agreement

**THIS LETTER OF AGREEMENT (LOA)** is made and entered into in duplicate on the \_\_\_\_\_ day of \_\_\_\_\_ 2019, by and between **[IGT PROVIDER]** on behalf of **[PROVIDER]**, and the State of Florida, **Agency for Health Care Administration** (the “**Agency**”), for good and valuable consideration, the receipt and sufficiency of which is acknowledged.

### DEFINITIONS

“Charity care” or “uncompensated charity care” means that portion of hospital charges reported to the Agency for which there is no compensation, other than restricted or unrestricted revenues provided to a hospital by local governments or tax districts regardless of the method of payment. Uncompensated care includes charity care for the uninsured but does not include uncompensated care for insured individuals, bad debt, or Medicaid and Children’s Health Insurance Program (CHIP) shortfall. The state and providers that are participating in Low Income Pool (LIP) will provide assurance that LIP claims include only costs associated with uncompensated care that is furnished through a charity care program and that adheres to the principles of the Healthcare Financial Management Association (HFMA) operated by the provider.

“Intergovernmental Transfers (IGTs)” means transfers of funds from a non-Medicaid governmental entity (e.g., counties, hospital taxing districts, providers operated by state or local government) to the Medicaid agency. IGTs must be compliant with 42 CFR Part 433 Subpart B.

“Low Income Pool (LIP)” means providing government support for safety-net providers for the costs of uncompensated charity care for low-income individuals who are uninsured. Uncompensated care includes charity care for the uninsured but does not include uncompensated care for insured individuals, “bad debt,” or Medicaid and CHIP shortfall.

“Medicaid” means the medical assistance program authorized by Title XIX of the Social Security Act, 42 U.S.C. §§ 1396 et seq., and regulations thereunder, as administered in Florida by the Agency.

### A. GENERAL PROVISIONS

1. Per Senate Bill 2500, the General Appropriations Act of State Fiscal Year 2019-2020, passed by the 2019 Florida Legislature, the [IGT Provider] and the Agency agree that the [IGT Provider] will remit IGT funds to the Agency in an amount not to exceed the total of **[IGT Amount]**.
  - a. The [IGT Provider] and the Agency have agreed that these IGT funds will only be used to increase the provision of health services for the charity care of the [IGT Provider] and the State of Florida at large.
  - b. The increased provision of charity care health services will be accomplished through the following Medicaid programs:
    - i. LIP payments to hospitals, federally qualified health centers, Medical School Physician Practices, community behavioral health providers, and

rural health centers pursuant to the approved Centers for Medicare & Medicaid Services Special Terms and Conditions.

2. The [IGT Provider] will return the signed LOA to the Agency no later than October 1, 2019.
3. The [IGT Provider] will pay IGT funds to the Agency in an amount not to exceed the total of **[IGT Amount]**. The [IGT Provider] will transfer payments to the Agency in the following manner:
  - a. Per Florida Statute 409.908, annual payments for the months of July 2019 through June 2020 are due to the Agency no later than October 31, 2019 unless an alternative plan is specifically approved by the agency.
  - b. The Agency will bill the [IGT Provider] when payment is due.
4. The [IGT Provider] and the Agency agree that the Agency will maintain necessary records and supporting documentation applicable to health services covered by this LOA.
  - a. Audits and Records
    - i. The [IGT Provider] agrees to maintain books, records, and documents (including electronic storage media) pertinent to performance under this LOA in accordance with generally accepted accounting procedures and practices, which sufficiently and properly reflect all revenues and expenditures of funds provided.
    - ii. The [IGT Provider] agrees to assure that these records shall be subject at all reasonable times to inspection, review, or audit by state personnel and other personnel duly authorized by the Agency, as well as by federal personnel.
    - iii. The [IGT Provider] agrees to comply with public record laws as outlined in section 119.0701, Florida Statutes.
  - b. Retention of Records
    - i. The [IGT Provider] agrees to retain all financial records, supporting documents, statistical records, and any other documents (including electronic storage media) pertinent to performance under this LOA for a period of six (6) years after termination of this LOA, or if an audit has been initiated and audit findings have not been resolved at the end of six (6) years, the records shall be retained until resolution of the audit findings.
    - ii. Persons duly authorized by the Agency and federal auditors shall have full access to and the right to examine any of said records and documents.



- iii. The rights of access in this section must not be limited to the required retention period but shall last as long as the records are retained.

c. Monitoring

- i. The [IGT Provider] agrees to permit persons duly authorized by the Agency to inspect any records, papers, and documents of the [IGT Provider] which are relevant to this LOA.

d. Assignment and Subcontracts

- i. The [IGT Provider] agrees to neither assign the responsibility of this LOA to another party nor subcontract for any of the work contemplated under this LOA without prior written approval of the Agency. No such approval by the Agency of any assignment or subcontract shall be deemed in any event or in any manner to provide for the incurrence of any obligation of the Agency in addition to the total dollar amount agreed upon in this LOA. All such assignments or subcontracts shall be subject to the conditions of this LOA and to any conditions of approval that the Agency shall deem necessary.

- 5. This LOA may only be amended upon written agreement signed by both parties. The [IGT Provider] and the Agency agree that any modifications to this LOA shall be in the same form, namely the exchange of signed copies of a revised LOA.
- 6. The [IGT Provider] confirms that there are no pre-arranged agreements (contractual or otherwise) between the respective counties, taxing districts, and/or the providers to re-direct any portion of these aforementioned charity care supplemental payments in order to satisfy non-Medicaid, non-uninsured, and non-underinsured activities.
- 7. The [IGT Provider] agrees the following provision shall be included in any agreements between the [IGT Provider] and local providers where IGT funding is provided pursuant to this LOA: "Funding provided in this Agreement shall be prioritized so that designated IGT funding shall first be used to fund the Medicaid program (including LIP or DSH) and used secondarily for other purposes."
- 8. This LOA covers the period of July 1, 2019 through June 30, 2020 and shall be terminated June 30, 2020.
- 9. This LOA may be executed in multiple counterparts, each of which shall constitute an original, and each of which shall be fully binding on any party signing at least one counterpart.

<b>LIP Local Intergovernmental Transfers (IGTs)</b>	
<b>Program / Amount</b>	<b>State Fiscal Year 2019-2020</b>
LIP Program	[IGT AMOUNT]
<b>Total Funding</b>	<b>[IGT Amount]</b>

**WITNESSETH:**

**IN WITNESS WHEREOF**, the parties have caused this page Letter of Agreement to be executed by their undersigned officials as duly authorized.

**[IGT PROVIDER]**

**STATE OF FLORIDA, AGENCY FOR  
HEALTH CARE ADMINISTRATION**

**SIGNED**  
**BY:** \_\_\_\_\_  
  
**NAME:** \_\_\_\_\_  
  
**TITLE:** \_\_\_\_\_  
  
**DATE:** \_\_\_\_\_

**SIGNED**  
**BY:** \_\_\_\_\_  
  
**NAME:** \_\_\_\_\_  
  
**TITLE:** \_\_\_\_\_  
  
**DATE:** \_\_\_\_\_