

Notes and Recommendation regarding AB-85 Realignment Impact

Two separate models are available for the county to choose from regarding the implementation of AB-85, the 60/40 Simplified Model and the Savings Formula Model.

60/40 Simplified Model

- 60% of 1991 Health Realignment and 60% of Maintenance of Effort (MOE) returned to State with MOE capped at 14.6% of Realignment allocation
- **\$1,420,183** Health Realignment retained by County (based on current allocations)

Savings Formula Model

- 80% of total savings must be returned to the State, but the savings calculation includes all historical revenue sources (Realignment, General Fund, Pomona, etc)
- **\$1,474,262** Health Realignment retained by County

Recommendation

Although the formula model indicates approximately \$50,000 in additional Health Realignment retained, the complexity of the calculations, rolling base year comparison, annual data gathering requirements placed on County staff, and the risk exposure from committing local funding sources with an annual escalator provision outweigh the benefit from our perspective. The department recommends a resolution to commit to the 60/40 Simplified Model.

60/40 Simplified Model	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Simplified and straight forward calculation • Attention focused only on Health Realignment and MOE • Greater stability and predictability to revenue • No additional data gathering required at County time/expense • True-up process should have a smaller impact (60/40 split would be applied to future realignment growth) 	<ul style="list-style-type: none"> • Slightly less Health Realignment retained based on initial calculations

Savings Formula Model	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Slightly more Health Realignment retained based on initial calculations 	<ul style="list-style-type: none"> • Highly complex calculation with some measurement points up for interpretation between the County and State • Requirement for significant data gathering each year at the time/expense of the County • State has option to reject/dispute data reported and push for greater estimated

	<p>savings payments returned to them until resolution can be reached through negotiation or audit</p> <ul style="list-style-type: none">• Rolling base year for cost containment calculations reduces predictability• Focus of the model is on ALL local revenue sources including Realignment, General Fund, Pomona Fund, etc• Local funding sources have a lifetime commitment expectation that they are available for indigent care and will grow annually by a % growth factor• Maximum allowable costs will be the lesser of the actual costs or the projected per-person cost containment limit• Some data required to support the savings model may not be available
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