



Agenda Report

Fullerton City Council

MEETING DATE: AUGUST 18, 2026

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: ADAM LOESER, FIRE CHIEF

PREPARED BY: ANDREW YANG, ADMINISTRATIVE ANALYST II

SUBJECT: MEDI-CAL VOLUNTARY RATE RANGE PROGRAM
ONGOING PARTICIPATION AND EXPANSION

SUMMARY

The Fire Department requests City Council authorization to expand the City's participation in California Department of Health Care Services Medi-Cal Voluntary Rate Range Intergovernmental Transfer (VRRP IGT) program to include Kaiser Permanente and any additional eligible Medi-Cal managed care plans.

PROPOSED MOTION

1. Authorize the City, through the Fire Department, to continue participating in the Medi-Cal Voluntary Rate Range Intergovernmental Transfer (VRRP IGT) program with eligible Medi-Cal managed care plans, including CalOptima Health and Kaiser Permanente.
2. Authorize City Manager, or designee, to execute agreements and documents with the California Department of Health Care Services (DHCS) and all participating Medi-Cal managed care plans for VRRP IGT participation, in a form approved by City Attorney.
3. Authorize the Director of Administrative Services, or designee, to make annual intergovernmental transfer payments to the California Department of Health Care Services and issue related purchase orders in an aggregate amount not to exceed \$1,000,000 per City fiscal year.

ALTERNATIVE OPTIONS

- Approve the Proposed Motion
- Do not approve the Proposed Motion
- Other options brought by City Council.

STAFF RECOMMENDATION

Staff recommends the Proposed Motion.

CITY MANAGER REMARKS

None.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statements:

- Fiscal and Organizational Stability
- Public Safety

FISCAL IMPACT

City Council approved the City's participation in the VRRP IGT program with CalOptima on February 4, 2025. The City's received a net revenue of \$765,060.86 for Calendar Year (CY) 2024 and seeks to renew participation for CY 2025, which includes Kaiser Permanente and any additional eligible Medi-Cal managed care plans.

Staff projects the following CY 2025 results for CalOptima Health:

CalOptima Health: CY 2025 Estimates	
Base Contribution to CA DHCS	\$425,013.00
CA DHCS Administrative Fee (20%)	\$85,002.60
Total City Contribution to CA DHCS	\$510,015.60
Projected Disbursement from CalOptima	\$1,160,342.85
Projected Net Revenue	\$650,327.25

The City also has an opportunity to participate in the VRRP IGT program with Kaiser Permanente for CY 2025. Staff projects the following CY 2025 results for Kaiser Permanente:

Kaiser Permanente: CY 2025 Estimates	
Base IGT Contribution to CA DHCS	\$194,093.00
CA DHCS Administrative Fee (20%)	\$38,818.60
Total City Contribution to CA DHCS	\$232,911.60
Projected Disbursement from Kaiser Permanente	\$408,636.57
Projected Net Revenue	\$175,724.97

Across the CalOptima Health and Kaiser Permanente arrangements, Staff estimates a total City contribution of \$742,927.20 and combined net revenue of \$826,052.22 for the

CY 2025 cycle. Projected disbursements are shown net of each plan's 2% administrative fee. DHCS determines final allocations using statewide participation and Medi-Cal utilization data, and final reconciliation may adjust the City's contribution or disbursement amounts. The projected IGT contribution amount and fees for CalOptima and Kaiser are estimated not to exceed \$1,000,000 and are included within the Fire Department's Proposed FY 2026-27 operating budget and does not require an additional budget appropriation. In addition, the projected revenue disbursements are also factored in the Fire's revenue budget for FY 2026-27.

BACKGROUND AND DISCUSSION

The Fire Department provides emergency medical services, including ground ambulance transport, to Fullerton residents and visitors regardless of insurance status or ability to pay. Medi-Cal beneficiaries account for approximately 25% of the Department's billable transports, but Medi-Cal's base reimbursement rates fall substantially below the cost of providing that care and have historically left the City with significant uncompensated costs. To recover a portion of these costs, the Fire Department has pursued cost-recovery programs in recent years and City Council approved the City's participation in the VRRP IGT program with CalOptima on February 4, 2025.

The Medi-Cal VRRP IGT program enables local public agencies to recover a portion of their unreimbursed Medi-Cal service costs. Through the program, the City transfers local funds to DHCS, which draws down federal Medicaid matching funds, with the resulting payments distributed through participating Medi-Cal managed care plans such as CalOptima Health and Kaiser Permanente. The City has participated solely through CalOptima Health and now requests approval to include Kaiser Permanente and other eligible managed care plans in future program years.

Program terms are governed by an Intergovernmental Agreement with DHCS, Contract IGT-25-0012, and Health Plan-Provider Agreements with each participating managed care plan. DHCS calculates contribution and payment amounts using the most recently completed year of cost and utilization data. DHCS adds a 20% administrative fee to the City's base contribution, while each managed care plan retains a separate 2% administrative fee before disbursing funds to the City. Program disbursements are classified as patient care revenue and must be applied directly to unreimbursed emergency medical service costs rather than used to fund future program contributions.

Because program availability and funding formulas remain subject to DHCS discretion, Staff would evaluate the financial performance of the program annually and return to City Council if DHCS materially changes program terms, or if continued participation is no longer expected to provide a net financial benefit to the City.

Attachments:

- Attachment 1 – CA DHCS Intergovernmental Agreement Regarding Transfer of Public Funds (Contract IGT-25-0012)
- Attachment 2 – Kaiser Foundation Health Plan-Provider Agreement
- Attachment 3 – CalOptima Health Plan-Provider Agreement

cc: City Manager Eddie Manfro