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NEWPORT BEACH

City Council Staff Report

January 13, 2026
Agenda Item No. 16

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: Jeff Boyles, Fire Chief - 949-644-3101, jboyles@nbfd.net

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TITLE: Ground Emergency Medical Transport Intergovernmental Transfer
Voluntary Participation for Calendar Year 2026

ABSTRACT:

In 2019, Assembly Bill No. 1705 (AB 1705) authorized the replacement of two existing Medi-Cal reimbursement programs with a single program under a new Public Provider Ground Emergency Medical Transport Intergovernmental Transfer (PP-GEMT-IGT) process. The City of Newport Beach (City) has been a participant since the inaugural Calendar Year (CY) 2023 program. While add-on amount payments are delayed due to medical bill processing times, total reimbursements (including pending amounts) continue to exceed original estimates. This program is voluntary and dependent on the participation of all transporting agencies for it to remain successful. For the City Council's consideration is the continued participation in the PP-GEMT-IGT.

RECOMMENDATIONS:

- a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and
- b) Approve the City of Newport Beach's voluntary participation in the PP-GEMT-IGT program per AB 1705 for Calendar Year 2026 and authorize the city manager to execute the Public Provider Intergovernmental Transfer Program for Ground Emergency Medical Transportation Services Certification Forms and pay all necessary invoices.

DISCUSSION:

The Medi-Cal program is the State of California's Medicaid program and is administered through the California Department of Health Care Services (DHCS.) Medi-Cal provides qualified California residents with healthcare coverage, which can extend to Emergency Medical Services (EMS), including those provided by the City's Fire Department. Unlike patients with private insurance (or in most cases, Medicare), Medi-Cal patients do not have copayments and medical providers like the City must accept Medi-Cal payments as payment in full.

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Medi-Cal is partially governed and funded by federal Medicaid provisions. Medi-Cal patients typically average 10 - 15 percent of all City medical transports and the City is reimbursed for EMS services directly from the Medi-Cal program. Medi-Cal has historically paid a capitated base rate of \$118.20 per transport since 1999, which is significantly lower than the actual costs for the City to provide transport service. The DHCS Quality Assurance Fee (QAF), Ground Emergency Medical Transport (GEMT), and Intergovernmental Transfer (IGT) programs were State attempts to provide additional revenue to help offset the cost of service. The IGT remains viable, and the City continues to participate in this program.

AB 1705 was passed in 2019 and implemented in 2023, establishing a new Medi-Cal Public Provider Intergovernmental Transfer Program (PP-GEMT-IGT) for public ground emergency medical transportation providers. This program replaced the QAF and GEMT programs and provides additional payments to public providers who transport Medi-Cal patients.

PP-GEMT-IGT is funded by a combination of voluntary funds contributed by participating public ambulance providers (like the City) and matching federal funds. Since the State cannot use its own general funds to provide a match, the voluntary funds are transferred to DHCS. DHCS then uses the funding to obtain matching federal funds. This combined sum of voluntary and federal funds are then used to pay the add-on amount per eligible Medi-Cal transport to all participating agencies. DHCS manages this reimbursement process and can charge each agency a 10 percent administrative fee against the voluntary fund amount.

While approval is still pending at the State level, the prospective add-on amount for CY 2026 will be \$1,518.61 per eligible transport. This is higher than the original, CY 2023 add-on amount of \$946.92, and the revised CY 2025 add-on amount of \$1,049.98. Once this amount is approved by the State, the total Medi-Cal payment per eligible transport will be \$1,636.81.

PP-GEMT-IGT is funded by a combination of ambulance transport agency funds and a federal Centers for Medicare and Medicaid Services (CMS) match, called a Federal Financial Participation (FFP). The State's general fund cannot be utilized for this reimbursement program, so public ambulance providers voluntarily provide the State with the amount needed (now over \$110 million) through an Inter-Governmental Transfer. DHCS uses these non-federal funds to draw down available matching federal funds, then uses the combined sum to pay the add-on amount per eligible Medi-Cal transport to all participating agencies. DHCS manages the reimbursement processes and charges an administrative fee of 10 percent of the non-federal share amount.

The CY 2026 add-on amount is currently \$1,518.61 per pending State Plan Amendment (SPA) 25-0030. This is higher than the CY 2023 \$946.92 add-on amount and the amended CY 2025 add-on amount of \$1,049.98. Once approved, this will result in a total Medi-Cal payment amount of \$1,636.81 (including the normal \$118.20 base rate.)

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The City Council previously approved participation for CY 2023, CY 2024 and CY 2025. Based on amounts received to date and pending amounts forthcoming, the program remains successful.

FISCAL IMPACT:

The City receives PP-GEMT-IGT add-on payments as part of the \$118.20 base rate through the normal billing and collection process. This can result in a delay between the month that the transport occurred and the receipt of the State's payment. As a result, pending amounts not yet collected cumulatively roll forward, and revenues received by the City may be add-on amounts from any program year to date.

PP-GEMT-IGT ADD ON FEES FOR CY 2023, CY 2024, CY 2025					
Calendar Year Program	Payments to DHCS (excluding 10% admin fee)	Original Estimated Revenue	Add-On Fees Collected through Oct 2025	Total Add-on Fees Pending Receipt (Jan. 2023 through Oct. 2025)	PP-GEMT-IGT Prospective Total Revenue for CY2023, CY2024, CY 2025
2023	\$399,377	\$1,181,208	\$565,514*	\$3,015,134	\$4,933,897
2024	\$390,461	\$1,155,655	\$739,198		
2025	\$387,136	\$1,154,120	\$614,051		
TOTALS:	\$1,176,974	\$3,490,983	\$1,918,763		

*This amount includes approximately \$3,520.80 in leftover QAF reimbursements received from DHCS during the PP-GEMT-IGT implementation process.

Even so, the program continues to surpass original estimates. Add-on fees collected have exceeded the City's total contribution amounts to date. Based on another \$3,015,134 in pending amounts due, revenue estimates may be upwards of \$1,442,914 higher than originally anticipated for CY 2023, CY 2024 and CY 2025 combined.

DHCS Payments to Date	PP-GEMT-IGT Prospective Total Revenue to Date	Projected Net Revenue (including pending amounts)
\$1,176,974	\$4,933,897	\$3,756,923

To participate as a funding entity for CY 2026, the City must transfer local funds up to an estimated total contribution amount of \$558,180, which includes the 10 percent administrative fee estimate. Based on current DHCS figures, the number of possible transports and the current program reimbursements, the City may expect to receive a total of \$1,898,263 from the CY 2026 program at the new add-on rate, resulting in an approximate net revenue of \$1,340,083.

It is important to note that depending on total agency participation and any reconciliation payments, the actual payments due during the year may be higher or lower. According to DHCS, the increase in the current non-federal share paid by agencies is due to the add-

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on amount increase, as well as various shifts in statewide utilization trends and trip increases in the proportion of GEMT trips by public providers.

It is also important to note that DHCS has not yet invoiced agencies any of the 10 percent administrative fee amounts and does not have a timeframe of when administrative fee collection will begin. Collections will likely be on a go-forward basis (i.e. no retro-collection).

The adopted budget includes sufficient funding for the first quarterly payment due in January 2026. Payment will be expensed from the PP-GEMT-IGT account in the Fire Department's EMS Division, 01040404-821010. Finance Department staff will review payment estimates for the April 2026 payment and include any necessary budget amendments as part of the Quarter 2 budget report.

The two remaining payments in July and October 2026 will be incorporated into the Fiscal Year 2026-27 adopted budget. Anticipated revenues from the CY 2026 program have been incorporated into the current year budget (for amounts previously estimated to be received prior to June 30, 2025) and will also be addressed during the Fiscal Year 2026-27 budget process.

ENVIRONMENTAL REVIEW:

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

NOTICING:

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

ATTACHMENTS:

Attachment A – Certification for CY 2026 PP-GEMT-IGT Program for Invoice No. 1
Attachment B – CY 2026 PP-GEMT-IGT Invoice No. 1
Attachment C – Public Notice re. State Plan Amendment 25-0030