COUNTY OF LOS ANGELES

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Director

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DEPARTMENT OF MENTAL HEALTH

http://dmh.co.la.ca.us

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

Reply To: (213) 738-4601
Fax: (213) 386-1297

June 5, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

APPROVAL OF REQUEST FOR APPROPRIATION ADJUSTMENT FOR SENATE BILL (SB) 90 PAYMENTS TO NON-GOVERNMENTAL AGENCIES FOR FISCAL YEAR 2002- 2003 SB 90 SERVICES (ALL SUPERVISORIAL DISTRICTS) (4 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the Request for Appropriation Adjustment (Attachment I) to use $3,213,000 of unallocated State General Fund (SGF) managed care funds for expenditures presently funded with Sales Tax Realignment funds, effective upon your Board approval. This will free up Sales Tax Realignment funds that can be used to compensate Non-Governmental Agencies (NGAs) for Assembly Bill (AB) 3632 services provided in Fiscal Year (FY) 2002-2003.

2. Delegate authority to the Director of Mental Health to prepare, sign, and execute amendment format, previously approved by the Board, to existing agreements, as listed in Attachment II, for FY 2002-2003, to increase the Maximum Contract Amounts by $3,212,595, thereby authorizing Los Angeles County Department of Mental Health (DMH) to pay NGAs for AB 3632 services prior to receipt of State Senate Bill (SB) 90 funds.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

Board approval of these amendments is necessary because it will enable Contractors identified in Attachment II to be reimbursed for continuing to deliver federally mandated

AB 3632 mental health services to approximately 7,200 eligible pupils in 82 school districts in Los Angeles County.

The present fiscal conditions of the State are such that the State is apparently unable to provide its SB 90 payments for AB 3632 services in a timely manner, creating a cash flow problem for Contractors. A partial interim solution to this cash flow problem, on a one-time basis, is to use unallocated SGF manage care funds for expenditures presently funded with Sales Tax Realignment funds. In turn, this will free up Sales Tax Realignment funds that can be used to pay NGAs for AB 3632 services. This will provide some cash flow relief to NGAs thereby allowing for the continuance of AB 3632 services, without interruption, pending fulfillment of the State's payment obligations.

The existing DMH Legal Entity Agreement boilerplate contains language that Contractors shall be paid by County from SB 90 funds upon receipt from the State, as allowed under the existing contract provision Paragraph 4 (FINANCIAL PROVISIONS), Subparagraph DD (AB 3632 Services Utilizing SB 90 Funds) as follows: "In the event that SB 90 funds are not available to pay SB 90 claims or that State denies any or all of the SB 90 claims submitted by County on behalf of Contractor, Contractor shall indemnify and hold harmless County for any and all liability for payment of any or all of the denied SB 90 claims or for the unavailability of SB 90 funds to pay for SB 90 claims. Contractor shall be solely liable and responsible for all data and information submitted by Contractor to County in support of all claims for SB 90 funds submitted by County as the fiscal intermediary." The agreements set forth in these amendments are made notwithstanding Paragraph 4 (FINANCIAL PROVISIONS), Subparagraph DD (AB 3632 Services Utilizing SB 90 Funds) of the DMH Legal Entity Agreement, which the parties agree will be waived for these purposes, on this one-time only basis, and for this FY 2002-2003, and only to the extent of the payment by County provided for by this Amendment. Paragraph 4 (FINANCIAL PROVISIONS), Subparagraph DD (AB 3632 Services Utilizing SB 90 Funds) will otherwise apply with full force and effect.

The County and Contractors have agreed upon a partial interim solution to the cash flow problem, on a one-time, non-precedent setting basis only, which will provide some relief to Contractors and allow for the continuance of AB 3632 services, pending fulfillment of the State's payment obligations. Contractor understands that County has devoted a limited fund for this purpose, that payments are being made to other similarly situated providers, which exhaust the fund, and that accordingly, there are no other funds presently available for these purposes.

The County will be using $3,212,595 of SGF managed care dollars to free up other appropriation presently funded with County General Funds (CGF). The freed up CGF will

fund this request thereby making these expenditures eligible for claiming to the State as SB 90 reimbursable expenditures.

Implementation of Strategic Plan Goals

The recommended Board actions are consistent with the County's Fourth Goal: "Fiscal Responsibility." This action will enable DMH to make payments to NGAs and will allow for continued and uninterrupted AB 3632 mental health services rendered to Los Angeles County Severely Emotionally Disturbed (SED) beneficiaries.

FISCAL IMPACT/FINANCING

The County will be using $3,212,595 of SGF managed care dollars to fund the appropriation adjustment. This increase will free up other appropriation presently funded with realignment funds. The freed up realignment funds will be added to the Maximum Contract Amounts of contract providers thereby making these expenditures eligible for claiming to the State as SB 90 reimbursable expenditures. There is no net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In 1984, the California Legislature enacted AB 3632 in order to maximize and coordinate the provision of mental health services to SED children by State and local government agencies. Since the inception of AB 3632, DMH has delivered mental health services to clients through a vast network of directly operated and community-based provider agencies.

Contractors have expressed serious concern about not being paid for services already delivered, which has created serious cash flow problems. Overall, SB 90 funds are not available to counties to provide timely payments for the federally mandated services, as the funds are not anticipated to be received from the State within 12 months of the current fiscal year claiming period. Given the urgent circumstances and the critical need to continue federally mandated services without interruption, on March 4, 2003 the Board approved a $6.1 million reserve that allowed partial payment of SB 90 claims to NGAs and authorized DMH to proceed with contract amendments to change the language adding $6.1 million in SB 90 funds to the Maximum Contract Amount and allowing NGAs to be partially paid by County.

Using the same Board approved Amendment format to provide another partial interim solution to Contractors cash flow problems DMH is requesting an appropriation adjustment to fund $ 3,212,595 until SB 90 funds are received from the State. An alternative would be for the Board to instruct DMH to make necessary service

curtailments in other indigent programs in order to fund the SB 90 program with Sales Tax Realignment funds.

CONTRACTING PROCESS

Per the Mental Health Services Agreement, twenty-six (26) NGAs have delivered AB 3632 mental health services and may be eligible for SB 90 payments in FY 2002-2003.

IMPACT ON CURRENT SERVICES

Your Board approval of this request will enable the DMH to make payments to NGAs and will allow for continued and uninterrupted AB 3632 mental health services rendered to Los Angeles County SED beneficiaries.

CONCLUSION

The Department of Mental Health will need one (1) copy of the adopted Board action. It is requested that the Executive Officer, Board of Supervisors, notify the Department of Mental Health's Contracts Development and Administration Division at (213) 738-4684 when this document is available.

Respectfully submitted,

Marvin J. Southard, D.S.W.
Director of Mental Health

MJS:RK:CK:lj

Attachments (2)

c: Chief Administrative Officer
County Counsel
Executive Office, Board of Supervisors
Auditor-Controller
Chairperson, Mental Health Commission

ATTACHMENT I

76R 352M (11/83)

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S. NO. 435

DEPARTMENT OF Mental Health

19

AUDITOR-CONTROLLER.

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

4-Votes

Sources:	Uses:
Department of Mental Health Managed Care State Allocation A01-MH-20500-8905 $3,213,000	Department of Mental Health Services & Supplies A01-MH-20500-2000 $3,213,000

This appropriation adjustment is requested to increase Services & Supplies appropriation to provide the Department with spending authority to pay mental health service contract providers for additional AB3632 services. The Department will be using $3,213,000 of State General Fund (SGF) managed care dollars to fund the appropriation adjustment. This increase will free up other appropriation presently funded with realignment. The freed up realignment will be added to the Maximum Contract Amounts of contract providers thereby making these expenditures eligible for claiming to the State as SB90 reimbursable expenditures. There is no net County cost.

Marvin J. Southard, D.S.W.
Director of Mental Health

CHIEF ADMINISTRATIVE OFFICER'S REPORT

REFERRED TO THE CHIEF ADMINISTRATIVE OFFICER FOR — ACTION ✓ RECOMMENDATION

APPROVED AS REQUESTED ✓ AS REVISED

5 June 2003

DAVID E. JANSSEN
CHIEF ADMINISTRATIVE OFFICER

AUDITOR-CONTROLLER NO. 279

BY JUNE 5 2003

APPROVED (AS REVISED): BOARD OF SUPERVISORS 19

BY DEPUTY COUNTY CLERK

SEND 5 COPIES TO THE AUDITOR-CONTROLLER

COUNTY OF LOS ANGELES--DEPARTMENT OF MENTAL HEALTH
Contracts Development and Administration Division
SB 90 Allocations FY 2002-2003

LEGAL ENTITY (CONTRACTS)

ITEM No.	CONTRACTOR LEGAL ENTITY (LE) #	SUP. DIST. (Sites)	Proposed Addditional Allocation FY 2002-2003
1	Associated League of Mexican Americans, Inc. (ALMA) 9140 Whittier Boulevard Pico Rivera, CA 90660 Jean G. Champommier, Ph.D. Executive Director LEGAL ENTITY (LE) # 00173	1	$ 10,847
2	Hamburger Home 1701 Camino Palmero Los Angeles, CA 90046 Andrew Diamond CEO LEGAL ENTITY (LE) # 00174	3	$ 120,003
3	Cedars-Sinai Medical Center 8730 Alden Drive - Thalians, Rm W104 Los Angeles, CA 90048 Thomas F. Zenty, III Executive Vice President LEGAL ENTITY (LE) # 00178	3	$ 15,971
4	Child and Family Center dba Santa Clarita Child & Family Dev. Center P.O. Box 801330 Santa Clarita, CA 91380 Elizabeth Seipel Chief Executive Officer LEGAL ENTITY (LE) # 00210	5	$ 262,688
5	Child and Family Guidance Center 9650 Zelzah Avenue Northridge, CA 91325 Roy Marshall Executive Director LEGAL ENTITY (LE) # 00207	3	$ 277,941
6	Children's Institute International 711 South New Hampshire Avenue Los Angeles, CA 90005 Mary Emmons Executive Director LEGAL ENTITY (LE) # 00591	2	$ 4,840
7	Children's Hospital of Los Angeles 5000 Sunset Blvd., 7th Floor Los Angeles, CA 90027 Thomas C. Armitage Vice President Legal Affairs LEGAL ENTITY (LE) # 00179	3	$ 119,278
8	Community Family Guidance Center 10929 South Street, Suite 208B Los Angeles, CA 90017 Richard D. Murase, LCSW Executive Director LEGAL ENTITY (LE) # 00181	4	$ 49,384
9	The Guidance Center 3711 Long Beach Blvd., Suite 600 Long Beach, CA 90807 David K. Slay, Ph.D. Executive Director LEGAL ENTITY (LE) # 00191	2 & 4	$ 34,359
10	Didi Hirsch Psychiatric Service 4760 S. Sepulveda Boulevard Culver City, CA 90230 Kita Curry, Ph.D. Executive Director LEGAL ENTITY (LE) # 00183	2, 3	$ 49,505
11	El Centro de Amistad, Inc. 21044 Sherman Way, Suite 101 Canoga Park, CA 91303 Angel Perez, Jr. Executive Director LEGAL ENTITY (LE) # 00185	3	$ 1,296

COUNTY OF LOS ANGELES--DEPARTMENT OF MENTAL HEALTH
Contracts Development and Administration Division
SB 90 Allocations FY 2002-2003

LEGAL ENTITY (CONTRACTS)

ITEM No.	CONTRACTOR LEGAL ENTITY (LE) #	SUP. DIST. (Sites)	Proposed Addditional Allocation FY 2002-2003
12	ENKI Health and Research Systems, Inc. 21601 Devonshire Street, Suite 112 Chatsworth, CA 91311 Al Urmer, Ph.D. President LEGAL ENTITY (LE) # 00188	5	$ 146,498
13	Five Acres - The Boys' and Girls' Aid Society of Los Angeles County 760 W. Mountain View Street Altadena, CA 91001 Robert A. Ketch, L.C.S.W. Executive Director LEGAL ENTITY (LE) # 00647	5	$ 21,106
14	Gateways Hospital and MHC 1891 Effie Street Los Angeles, CA 90026 Mara Pelsman CEO LEGAL ENTITY (LE) # 00190	All	$ 6,130
15	Hathaway Children's Services 11500 Eldridge Avenue, #204 Lake View Terrace, CA 91342 Lyn Munro Director of Community Services LEGAL ENTITY (LE) # 00192	3	$ 466,201
16	Hillsides 940 Avenue 64 Pasadena, CA 91401 Barbara Firestone, Ph. D. CEO/President LEGAL ENTITY (LE) # 00198	3	$ 15,078
17	Intercommunity Child Guidance Center 8106 South Broadway Avenue Whittier, CA 90606 Sandra J. Klein, L.C.S.W. Executive Director LEGAL ENTITY (LE) # 00195	1	$ 4,472
18	Los Angeles Unifed School District 97th Street School (MHC) 450 North Grand Avenue Los Angeles, CA 90012 LEGAL ENTITY (LE) # 00315	1	$ 107,446
19	Pacific Clinics 800 S. Santa Anita Avenue Arcadia, CA 91006 Susan Mandel, Ph.D. President and CEO LEGAL ENTITY (LE) # 00203	5	$ 551,879
20	Pasadena Children's Training Society dba The Sycamores 210 S. DeLacey Ave., Suite 110 Pasadena, CA 91105 William P. Martone President LEGAL ENTITY (LE) # 00204	5	$ 137,806
21	South Central Health Rehabilitation Program (SCHARP) 2610 Industry Way Lynwood, CA 90262 Jack Barbour, MD and Reta Floyd, MD Co-Directors LEGAL ENTITY (LE) # 00506	2	$ 91
22	Special Service for Groups 605 W. Olympic Blvd., Suite 600 Los Angeles, CA 90015 Herbert Hatanana, D.S.W. Executive Director LEGAL ENTITY (LE) # 00214	1	$ 6,925

COUNTY OF LOS ANGELES--DEPARTMENT OF MENTAL HEALTH
Contracts Development and Administration Division
SB 90 Allocations FY 2002-2003

LEGAL ENTITY (CONTRACTS)

ITEM No.	CONTRACTOR LEGAL ENTITY (LE) #	SUP. DIST. (Sites)	Proposed Addditional Allocation FY 2002-2003
23	Star View Adolescent Center, Inc. (PHF) 45 Arroyo Piedmont, CA 94611 Mary Jane Cross Legal Entity LE # 00543	4	$ 13,189
24	St. John's Hospital and Health Center 1339 20th Street Santa Monica, CA 90404 Rebecca Refuerzo, L.C.S.W. Executive Director LEGAL ENTITY (LE) # 00217	3	$ 173,089
25	Verdugo Mental Health Center 1540 E. Colorado Street Gendale, CA 91205 Lynn Brandstateer Chief Executive Officer LEGAL ENTITY (LE) # 00221	5	$ 98,156
26	Vista Del Mar Child & Family Services 3200 Motor Avenue Los Angeles, CA 90034 Gerald D. Zaslaw President and CEO LEGAL ENTITY (LE) # 00196	2	$ 518,417
			$ 3,212,595