COUNTY OF LOS ANGELES

MARVIN J. SOUTHARD, D.S.W.
Director

SUSAN KERR
Chief Deputy Director

RODERICK SHANER, M.D.
Medical Director

BOARD OF SUPERVISORS
GLORIA MOLINA
YVONNE BRATHWAITE BURKE
ZEV YAROSLAVSKY
DON KNABE
MICHAEL D. ANTONOVICH

DEPARTMENT OF MENTAL HEALTH

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

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

Reply To: (213) 738-4601
FAX No.: (213) 386-1297

November 26, 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 AMENDMENTS TO EXISTING LEGAL ENTITY AGREEMENTS WITH MEDI-CAL LONG TERM CARE PROVIDERS TO IMPLEMENT STATE-MANDATED RATE INCREASE (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and delegate authority to the Director of Mental Health or his designee to prepare, sign, and execute amendments to eight Legal Entity (LE) Agreements with current Institutions for Mental Disease (IMD) contractors, as listed in Attachment I and substantially similar in format to Attachment II, for Fiscal Years (FY) 2003-2004 and 2004-2005. These amendments will allow the Department of Mental Health (DMH) to comply with a directive issued by the State Department of Mental Health (SDMH) to all counties to increase the reimbursement rate of payment to Medi-Cal nursing facilities, which provide long term care as IMD to chronically and severely mentally ill adults who reside in long term care facilities, retroactive to August 1, 2003.

   On October 2, 2003, SDMH issued its directive to counties (Attachment III) to initiate an annual rate increase for Medi-Cal nursing facilities, effective August 1, 2003, as authorized by the State Department of Health Services (SDHS). As a result of this directive, these amendments will be retroactive to August 1, 2003. Financing for this annual, mandated rate increase will be from existing IMD budgeted appropriation included in DMH's FY 2003-2004 Adopted Budget.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Pursuant to SDMH's annual directive issued on October 2, 2003, Board approval is required to initiate this annual rate increase, retroactive to August 1, 2003, to IMD contractors. Submission of this annual Board letter at this time regarding a retroactive, annual State-mandated rate increase for Medi-Cal nursing facilities providing long term care as IMD is unavoidable and is attributed to the delayed notification of this annual rate change by SDMH. On October 10, 2003, DMH received SDMH's notification of this mandated rate increase.

The rate increase for facilities with less than 59 beds is 2.57%. The increase for facilities with 60 or more beds is 3.53%. Upon Board approval, DMH will implement SDMH's directive for FY 2003-2004 to increase the rate for long term care IMD contractors, serving the chronically and severely mentally ill adults who reside in these long term care facilities, as authorized by SDHS.

Implementation of Strategic Plan Goals

The recommended Board action is consistent with the County's Programmatic Goal 7, Health and Mental Health, within the Countywide Strategic Plan. Board approval will strengthen the access to long term care facilities through the collaboration of government agencies and community-based facilities.

FISCAL IMPACT/FINANCING

There is no additional net County cost. DMH will finance the annual rate increase from existing IMD budgeted appropriation included in DMH's FY 2003-2004 Adopted Budget. The current IMD budget was developed for 880 beds per day at the FY 2002-2003 SDHS established rate. However, due to a decrease in the number of IMD beds countywide that are available to DMH, DMH has adjusted its projected usage to, on average, 750 beds per day. Therefore, the existing IMD budget can accommodate the SDHS rate increase plus the purchase of additional IMD beds, should they be required and become available. The IMD budget is managed by closely monitoring the use of IMD bed resources and the utilization of lower levels of care where appropriate.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to Section 5902(e) of the Welfare and Institutions Code, as long as IMDs have county contracts and retain Nursing Facility Level B (formerly SNF) licensure and certification, they shall be reimbursed for basic services at the rate established by SDHS, in addition to the rate established for Special Treatment Programs (STPs).

IMDs are State-licensed skilled nursing facilities that provide psychiatric care, psychosocial rehabilitation services, and STPs geared to the needs of persons with chronic and debilitating mental illness. Generally, patients are admitted to IMDs from a higher level of care, and the average length of stay is six to nine months.

Services include, but are not limited to, psychiatric assessments, goal-oriented treatment plans, and general psychiatric services. STP patch services include, but are not limited to, therapeutic services which provide chronically mentally ill adults with self-help skills, behavioral adjustment, and interpersonal relationships.

In FY 2000-2001, DMH shifted its management of IMD bed resources from contracting for a specific number of beds with a Maximum Contract Amount (MCA) to contracting for established bed rates without a MCA. DMH has managed its IMD budget by closely monitoring the use of IMD bed resources and the utilization of lower levels of care where appropriate and purchasing IMD beds on an as needed basis. The deletion of the MCA from the LE Agreement with IMD providers has increased DMH's flexibility in managing bed resources in specific geographic areas and has allowed effective utilization of contractors who offer specialized services.

Clinical and administrative staff of DMH are assigned to supervise and administer agreements, evaluate programs to ensure quality services are being provided to clients, and ensure Agreement provisions and DMH policies are followed.

The Amendment format has been previously approved as to form by County Counsel. The proposed action has been reviewed by the Chief Administrative Office and DMH's Financial Services and Emergency Outreach Bureau administration.

CONTRACTING PROCESS

DMH will execute amendments to existing LE Agreements with long term care IMD contractors as listed in Attachment I.

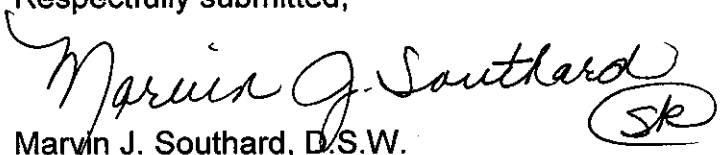
IMPACT ON CURRENT SERVICES

Board approval will allow IMD contractors to maintain levels of mental health services provided to chronically and severely mentally ill adults residing in IMD facilities.

CONCLUSION

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

Respectfully submitted,



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

MJS:SK:RK:KT

Attachments (3)

c: Chief Administrative Officer
County Counsel
Chairperson, Mental Health Commission

ATTACHMENT I

COUNTY OF LOS ANGELES - DEPARTMENT OF MENTAL HEALTH
Contracts Development and Administration Division

LIST OF IMD CONTRACTORS' RATE INCREASE
FISCAL YEAR 2003-2004

LEGAL ENTITY CONTRACTOR	SUP. DIST. (SITE)	CONTRACT NO.	IMD SERVICES	CURRENT IMD RATE	PROPOSED IMD RATE	PERCENTAGE OF INCREASE	EXISTING MAXIMUM CONTRACT AMOUNT	AMENDMENT NO.
AMADA Enterprises, Inc. dba View Heights Convalescent Hospital 12619 S. Avalon Bloulevard Los Angeles, CA 90061 Monica Fenton, Administrator	2	DMH-01436	IMD Basic Beds 60 & over	$ 109.26	$ 112.92	3.2%	*	2
Braswell Enterprises, Inc. dba Olive Vista & Laurel Park 2530 Arnold Drive, Suite 170 Martinez, CA 94553 Ken Cess, Vice President	1	DMH-01498	IMD Basic Beds 1-59 IMD Basic Beds 60 & over IMD Patched beds MIO-Indigent MIO-Regular	$ 110.11 $ 109.26 $ 154.65 $ 205.09 $ 148.07	$ 113.77 $ 112.92 $ 158.31 $ 208.75 $ 151.73	3.2% 3.2% 2.3% 1.8% 2.4%	*	2
Community Care Center, Inc. 2335 S. Mountain Avenue Duarte, CA 91010 Peter Bennett, Administrator	5	DMH-01445	IMD Basic Beds 60 & over	$ 109.26	$ 112.92	3.2%	*	2
Harbor View Adolescent Center dba Harbor View Center 2530 Arnold Drive, Suite 170 Martinez, CA 94553 Ken Cess, Vice President	4	DMH-01517	IMD Basic Beds 1-59 IMD Patched beds	$ 110.11 $ 198.42	$ 112.80 $ 201.11	2.4% 1.3%	$ 3,380,396	3
Landmark Medical Services, Inc. dba Landmark Medical center 2030 N. Garey Ave. Pomona, CA 91767 Rosemary C. Kilby, Administrator	1	DMH-01467	IMD Basic Beds 60 & over	$ 109.26	$ 112.92	3.2%	*	2

ATTACHMENT I

COUNTY OF LOS ANGELES - DEPARTMENT OF MENTAL HEALTH
Contracts Development and Administration Division

LIST OF IMD CONTRACTORS' RATE INCREASE
FISCAL YEAR 2003-2004

LEGAL ENTITY CONTRACTOR	SUP. DIST. (SITE)	CONTRACT NO.	IMD SERVICES	CURRENT IMD RATE	PROPOSED IMD RATE	PERCENTAGE OF INCREASE	EXISTING MAXIMUM CONTRACT AMOUNT	AMENDMENT NO.
Meadowbrook Rehabilitation Center dba Meadowbrook Manor 2530 Arnold Drive, Suite 170 Martinez, CA 94553 Ken Cess, Vice President	2	DMH-01471	IMD Basic Beds 60 & over IMD Patched beds	$ 109.26 $ 151.94	$ 112.92 $ 155.60	3.2% 2.4%	*	2
Penn Mar Therapeutic Center, Inc. dba San Gabriel Valley Convalescent Hospital 3938 Cogswell Road El Monte, CA 91732 Mitchell Kantor, President	1	DMH-01481	IMD Basic Beds 60 & over IMD Patched beds	$ 109.26 $ 127.13	$ 112.92 $ 130.79	3.2% 2.8%	*	2
Telecare Corporation, Inc. 1100 Marina Village Parkway, #1 Alameda, CA 94501 Marshall Langfeld, Vice President & CFO	4	DMH-01546	IMD Basic Beds 60 & over IMD Patched beds	$ 109.26 $ 197.14	$ 112.92 $ 200.80	3.2% 1.8%	$ 5,635,713	3

NOTE:

* These SNF/IMD contractors, which provide only IMD services countywide, do not have an MCA, as IMD beds are paid by the day utilized within DMH's IMD budgeted allocation.

ATTACHMENT II

CONTRACT NO. DMH-_____

AMENDMENT NO. ___

THIS AMENDMENT is made and entered into this _____ day of _____, 2003, by and between the COUNTY OF LOS ANGELES (hereafter "County") and _____ (hereafter "Contractor").

WHEREAS, County and Contractor have entered into a written Agreement, dated _____, identified as County Agreement No. DMH - _____; and any subsequent amendments (hereafter collectively "Agreement"); and

WHEREAS, for Fiscal Year(s) 2003-2004 (and 2004-2005, if applicable), County and Contractor intend to amend Agreement only as described hereunder; and

WHEREAS, effective August 1, 2003, and pursuant to a directive by the State Department of Mental Health (SDMH), for Fiscal Year(s) 2003-2004 (and 2004-2005, if applicable), County and Contractor intend to amend Agreement to increase the rate for Medi-Cal long term care providers (formerly skilled nursing facilities (SNF) and Institutions for Mental Disease (IMD)), as authorized by the State Department of Health Services (SDHS), which include Medi-Cal Nursing Facilities, Level B, with 60 or more beds from $109.26 to $112.92. This new rate includes the Special Treatment Program (STP) patch rate of $5.72, which remains the same per client/per day as last year; and

WHEREAS, effective August 1, 2003, and pursuant to the same directive by the SDMH for Fiscal Year(s) 2003-2004 (and 2004-2005, if applicable), County and Contractor intend to amend Agreement to increase the rate for Medi-Cal long term care providers, as authorized by SDHS, which include Medi-Cal Nursing Facilities,

Level B (formerly SNF) and IMD, with 59 beds or less from $110.11 to $112.80. This new rate includes the STP rate of $5.72, which remains the same per client/per day as last year; and

WHEREAS, effective August 1, 2003, and pursuant to the same directive by SDMH, for Fiscal Year(s) 2003-2004 (and 2004-2005, if applicable), County and Contractor intend to amend Agreement to increase the rate for Medi-Cal long term care providers, as authorized by SDHS, which have 60 or more beds but do not provide the STP patch from $103.54 to $107.20; and

WHEREAS, effective August 1, 2003, County and Contractor intend to amend Agreement to revise the Financial Summaries for Fiscal Year(s) 2003-2004 (and 2004-2005, if applicable), to reflect this State-mandated rate increase.

NOW, THEREFORE, County and Contractor agree that Agreement shall be amended only as follows:

1. Financial Summary -____ for Fiscal Year 2003-2004 shall be deleted in its entirety and replaced with Financial Summary -____ for Fiscal Year 2003-2004, attached hereto and incorporated herein by reference. All references in Agreement to Financial Summary -____ for Fiscal Year 2003-2004 shall be deemed amended to state "Financial Summary -____ for Fiscal Year 2003-2004."

2. Financial Summary -_____ for Fiscal Year 2004-2005 shall be deleted in its entirety and replaced with Financial Summary -_____ for Fiscal Year 2004-2005, attached hereto and incorporated herein by reference. All references in Agreement to Financial Summary -_____ for Fiscal Year 2004-2005 shall be

deemed amended to state "Financial Summary -_____ for Fiscal Year 2004-2005."

3. Contractor shall provide services in accordance with Contractor's Fiscal Year 2003-2004 Negotiation Package for this Agreement and any addenda thereto approved in writing by Director.

4. Except as provided in this Agreement, all other terms and conditions of the Agreement shall remain in full force and effect.

/

/

/

/

/

/

/

/

/

/

/

/

/

/

/

/

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by County's Director of Mental Health, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By_____
MARVIN J. SOUTHARD, D.S.W.
Director of Mental Health

_____
CONTRACTOR

By _____

Name _____

Title _____
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL

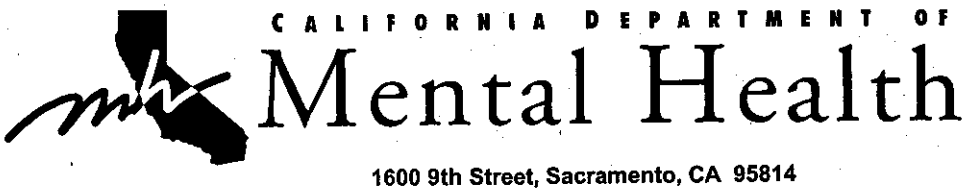
LLOYD W. PELLMAN
County Counsel

APPROVED AS TO CONTRACT
ADMINISTRATION:

DEPARTMENT OF MENTAL HEALTH

By _____
Chief, Contracts Development
and Administration Division

PEP:IMD Rate Amend



1600 9th Street, Sacramento, CA 95814
(916) 654-2309

October 2, 2003

DMH LETTER NO.: 03-04

TO: LOCAL MENTAL HEALTH DIRECTORS
LOCAL MENTAL HEALTH PROGRAM CHIEFS
LOCAL MENTAL HEALTH ADMINISTRATORS
COUNTY ADMINISTRATIVE OFFICERS
CHAIRPERSONS, LOCAL MENTAL HEALTH BOARDS

SUBJECT: INCREASED MEDI-CAL NURSING FACILITIES LEVEL B (FORMERLY SNF) RATES FOR FISCAL YEAR 2003 – 2004

EXPIRES: Approval and Release of Fiscal Year 2004-2005 Rates

REFERENCE: Amends DMH Information Letter No. 02-10

The Department of Health Services (DHS) has updated provider reimbursement rates for Long Term Care providers. These rates are effective for services provided on or after August 1, 2003. The per diem rate for Nursing Facilities Level B are listed below.

Also, it should be noted that there has been a change in the counties included in the NF Level A and B peer groups for the Bay Area. Beginning with services provided on or after August 1, 2002, Napa and Sonoma counties have been transferred from the All Other to Bay Area peer group. Payment to facilities in these counties will be based on the rates for the Bay Area peer group.

NO. OF BEDS	AREA	RATES *Effective 8/1/03*
1-59	Los Angeles	$107.08
1-59	Bay Area *	$132.57
1-59	All Others	$115.19
60+	Los Angeles	$107.20
60+	Bay Area *	$139.34
60+	All Others	$119.60

* Bay Area counties: Alameda, Contra Costa, Marin, Napa, Santa Clara, San Francisco, San Mateo, and Sonoma.

DO YOUR PART TO HELP CALIFORNIA SAVE ENERGY
For energy saving tips, visit the DMH website at
www.dmh.cahwnet.gov

The Special Treatment Program (STP) patch will remain at $5.72 per client/per day, but please note that the facility rates listed **do not include** the STP patch. The rate reduction for Leave of Absence and Bedhold for Acute Hospitalization is $5.05 per diem.

Pursuant to Section 5902(e) of the Welfare and Institutions Code, as long as Institutions for Mental Disease facilities have county contracts and retain Nursing Facility - Level B (formerly SNF) licensure and certification, they shall be reimbursed for basic services at the rate established by DHS, in addition to the rate established for STPs.

Should you have any questions regarding this matter, please contact Alfred Nicholls, Chief, Licensing and Certification at (916) 654-2647.

Sincerely,

(Original Signed by)

STEPHEN W. MAYBERG, Ph.D.
Director

cc: STP/IMD Providers
Public Guardian/Conservators
California Mental Health Planning Council
Chief, Program Policy and County Operations