



Health Services
LOS ANGELES COUNTY

Los Angeles County
Board of Supervisors

July 6, 2006

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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 AN ASSIGNMENT AND DELEGATION AMENDMENT
AND AMENDMENT NO. 1 TO THE MEDI-CAL RESOURCE
DEVELOPMENT AND RECOVERY SERVICES AGREEMENTS
WITH COMPSPEC, INC. AND HEALTH ADVOCATES, LLP
(All Districts) (3 Votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Director of Health Services, or his designee to sign an Assignment and Delegation Amendment, substantially similar to Exhibit I, to allow Health Advocates, LLP to assign and delegate its rights and responsibilities to Health Advocates, LLC.
2. Approve and instruct the Director of Health Services, or his designee, to sign Amendment No. 1 to the Medi-Cal Resource Development and Recovery Services Agreements, substantially similar to Exhibit II, with two contract providers, CompSpec, Inc. (County Contract No. H-700690), and Health Advocates, LLC (County Contract No. H-700691), to add provisions allowing CompSpec, Inc. and Health Advocates, LLC to: 1) pursue third party liabilities for trauma services provided by contracted trauma facilities in which County has subrogation or reimbursement rights for medical services provided; and 2) include additional requirements for submitting account compromise offers, effective on the date of Board approval through August 31, 2009.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

Approval of the recommended actions allows: 1) Health Advocates, LLP to assign and delegate its rights and responsibilities under Agreement No. H-700691 to Health Advocates, LLC (HA); and 2) CompSpec, Inc. (CompSpec) and HA to pursue third party liability payments for which the County has subrogation or reimbursement rights, and specifically include provisions to the Agreements for submitting compromise offers.

To implement various health care programs, the Department of Health services (DHS or Department) enters into agreements with non-County providers to pay for health

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care services provided to certain specified populations, such as trauma victims, indigent patients of private emergency rooms, In-Home Supportive Services workers, or other enrollees within the Community Health Plan. These agreements may give DHS the right to pursue payment from other responsible parties for the care for which the County is contractually obligated to pay.

FISCAL IMPACT/FINANCING:

The two Medi-Cal Resource Development and Recovery Services (MRDRS) contractors generate approximately \$8.0 million in gross revenue annually, of which approximately \$1.2 million is paid to the contractors in contingency fees. The contingency fee rates for the two contractors will remain the same.

The costs and revenues related to these Agreements are included in the Fiscal Year 2006-07 Proposed Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On August 17, 2004, both CompSpec and HA were awarded MRDRS agreements with County hospitals, health centers, and comprehensive health centers, as a result of a Request for Proposals process. Once a DHS facility has exhausted its best efforts in assisting indigent patients to identify any third-party financial resources, e.g., Medi-Cal, Medicare, Commercial Insurance, Workers' Compensation, etc., the contractors have the opportunity to identify other resources and assist in obtaining patient eligibility for third party coverage.

MRDRS provides a back-up or "safety net" function to the Department's financial screening and Medi-Cal application processes to help ensure that potential third-party revenues (primarily Medi-Cal) are maximized. Accounts are referred to the MRDRS contractors only after the best efforts of DHS staff have been exhausted.

On April 7, 2006, Health Advocates, LLC informed the Department that they were undergoing a change of business model and a change of name from a "Limited Liability Partnership" to a Limited Liability Company, i.e., from HA, LLP to HA, LLC.

Amendment No. 1 will allow CompSpec and HA to pursue third party liabilities for services provided by contracted trauma facilities in cases where the County has paid for the services provided and has subrogation rights, and also includes additional requirements for submitting account compromise offers.

County Counsel has approved Exhibits I and II as to form.

Attachment A provides additional information.

CONTRACTING PROCESS:

Not applicable. It is not appropriate to advertise contractor assignment and delegation and/or agreement amendments on the Los Angeles (L.A.) County Online Web Site as a contract/business opportunity.

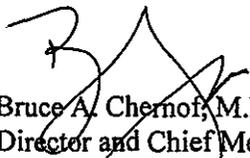
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IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of the recommendations will enhance revenue maximization activities.

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,



Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:rm
BRDLTRCD4234.RM.wpd

Attachments

c: Auditor-Controller
Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

SUMMARY OF AGREEMENT1. TYPE OF SERVICE:

Medi-Cal Resource Development and Recovery Services (MRDRS) Agreements with CompSpec, Inc. and Health Advocates, LLP to pursue third party liability payments for which the County has subrogation or reimbursement rights, and provisions to submit compromise offers.

2. AGENCY ADDRESS AND CONTACT PERSONS :

CompSpec, Inc. (CompSpec)
425 East Colorado Street, Suite 410
Glendale, California 91205
Telephone (800) 543-3003/FAX (818) 548-069
E-mail bhaddad@compecinc.com

Health Advocates, LLC, (HA)
13412 Ventura Boulevard, Suite 300
Sherman Oaks, California 914-3965
Attention: Al Leibovic Managing Partner/Attorney
Telephone: (818) 461-5801/FAX (818) 995-9599
E-mail Al@healthadvocates.com

3. TERM:

Effective date of Board approval through August 31, 2009.

4. FINANCIAL INFORMATION:

The two MRDRS contractors generate approximately \$8 million in gross revenue annually, of which approximately \$1.2 million is paid to the contractors in contingency fees. The contingency fees for the two contractors remain the same. As such, there is no additional net cost to the County.

The costs and revenues related to these Agreements are included in the Fiscal Year 2006-07 Proposed Budget.

5. GEOGRAPHIC AREAS SERVED:

Countywide.

6. ACCOUNTABLE FOR MONITORING:

Patricia Adams, Division Head, Revenue Management, Department of Health Services

7. APPROVALS:

Director of Finance: Gary W. Wells

Contracts and Grants Division: Cara O'Neill, Chief

County Counsel (approval as to form): Robert E. Ragland, Senior Deputy County Counsel