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February 2, 2007

TO: Each Supervisor

FROM: Jonathan E. Fielding, M.D., M.P.H. 
Director and Health Officer

SUBJECT: **UPDATE ON THE PRACTICE OF OVER-COMMITTING OFFICE OF AIDS PROGRAMS AND POLICY FUNDS**

On October 25, 2005, the Board approved a motion by Supervisor Yaroslavsky, as amended by Supervisors Knabe and Molina, which instructed, the Interim Director of the Office of AIDS Programs and Policy (OAPP) to:

- 1) Analyze the necessity of the current practice of "over-committing" contractual amounts in anticipation of underspending and;
- 2) Report back within 30 days with recommendations for a new methodology and implementation plan that discontinues the over-commitment practice, does not involve additional service reductions, and maximizes CARE Act Grant Award(s) to the extent required by federal partners and most beneficial to the County's award competitiveness.

On November 3, 2005, Dr. Garthwaite and I jointly reported that the most straightforward method would be to contract only for the amount available, but include provisions to periodically "sweep" funds from providers not fully utilizing their allocations and moving the funds to providers are exceeding their contracted visits. We added that this would be most effective for those service categories with a form of "fee-for-service" contract, rather than a "cost-reimbursement" contract.

At that point, we recommended that as service categories are re-bid, a new methodology be developed. We shared that the single largest HIV/AIDS service category, Medical Outpatient, would be converted from "cost-reimbursement" to "fee-for-service" upon completion of a rate study for this service category by Mercer Human Services Consulting. The anticipated conversion time to a fee-for-service reimbursement model was originally March 2007, the point at which OAPP would directly address the over-commitment practice concerns raised by your Board.

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While progress continues to be made finalizing the HIV/AIDS Medical Outpatient Rate Study, the new anticipated completion timeframe for the rate study is May 2007. The Request for Proposals for HIV/AIDS Medical Outpatient Services will begin July 2007 and is expected to be completed by mid-2008. The conversion to a fee-for-service model for Medical Outpatient contacts will be implemented with the execution of contracts selected through this RFP process. While we will aim to replace existing medical outpatient contracts with new contracts immediately after the RFP process is completed mid-2008, the conversion will not take place later than March 1, 2009.

OAPP intends to continue to work with the Commission on HIV to address the “over-commitment” of available HIV/AIDS grant resources and will continue to keep your Board apprised of our progress.

JEF:mjp
PH:511:001

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