COUNTY OF LOS ANGELES

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

SHEILA A. SHIMA
Chief Deputy Director

RODERICK SHANER, M.D.
Medical Director

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

BOARD OF SUPERVISORS
GLORIA MOLINA
YVONNE B. BURKE
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DEPARTMENT OF MENTAL HEALTH

http://dmh.lacounty.gov

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

April 26, 2007

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

Dear Supervisors:

AUTHORIZATION TO AMEND DEPARTMENT OF MENTAL HEALTH LEGAL ENTITY AGREEMENTS WITH EXISTING PROVIDERS TO REBASE THE COUNTY GENERAL FUND ALLOCATIONS FOR FISCAL YEAR 2006-07 AND APPROVAL OF REQUEST FOR APPROPRIATION ADJUSTMENT (ALL SUPERVISORIAL DISTRICTS) (4 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Director of Mental Health or his designee to prepare, sign, and execute amendments, substantially similar to Attachment I, effective upon Board approval, to existing Department of Mental Health (DMH) Legal Entity (LE) Agreements as detailed in Attachment II for the rebasing of County General Fund (CGF) allocations identified in existing Maximum Contract Amounts (MCA) for services to the uninsured and those eligible for benefit programs. The rebasing will realign the match and non-match CGF to allow contract providers the ability to draw down additional revenues for services to clients eligible for benefits in Fiscal Year (FY) 2006-07.

2. Delegate authority to the Director of Mental Health or his designee to prepare, sign, and execute future amendments to these LE Agreements, provided that: 1) the County's total payments to a contractor under each Agreement for each applicable fiscal year shall not exceed an increase of 20 percent from the applicable revised MCA; 2) any such increase shall be used to provide additional services or to reflect program and/or policy changes; 3) the Board of Supervisors has appropriated sufficient funds for all changes; 4) approval of County Counsel and the Chief Administrative Officer (CAO) or their designee is obtained prior to

any such Amendment; 5) County and contractor may, by written amendments, reduce programs or services and revise the applicable MCA; and 6) the Director of Mental Health shall notify the Board of Supervisors of Agreement changes in writing within 30 days after execution of each Amendment.

3. Approve the Request for Appropriation Adjustment (Attachment III) for FY 2006-07 in the amount of $2,888,000 to increase Services and Supplies to provide spending authority for DMH LE Agreements. This appropriation adjustment is fully funded with Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Federal Financial Participation (FFP) Medi-Cal in the amount of $505,000, EPSDT-State General Funds (SGF) in the amount of $425,000, Non-EPSDT-FFP in the amount of $1,449,000, and Healthy Families revenues in the amount of $509,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

Board approval of the recommended actions will enable existing DMH providers the ability to draw down additional FFP, SGF, and Healthy Families revenues by realigning the match and non-match CGF within their respective contracts consistent with the services provided to those eligible for benefit programs and the uninsured. This will align the use of contract dollars based on actual services delivered.

Implementation of Strategic Goals

The recommended Board actions are consistent with the principles of the Countywide Strategic Plan's Organizational Goal No.1, "Service Excellence," Goal No. 3, "Organizational Effectiveness," and Programmatic Goal No. 7, "Health and Mental Health." These actions are expected to improve the delivery, efficiency, and effectiveness of mental health operations.

FISCAL IMPACT/FINANCING

There is no increase in net County cost.

The Request for Appropriation Adjustment for FY 2006-07 in the amount of $2,888,000 will increase Services and Supplies to provide spending authority for DMH LE Agreements. This appropriation adjustment is fully funded with EPSDT-FFP Medi-Cal in the amount of $505,000, EPSDT-SGF in the amount of $425,000, Non-EPSDT-FFP in the amount of $1,449,000, and Healthy Families revenues in the amount of $509,000.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In June 2006, the Board approved the LE Amendment for the 15 percent CGF flexibility as a temporary measure to enable contractor's flexibility to shift CGF among the categories of the MCA. DMH also committed to allow a one-time rebasing of each LE MCA for the FY 2006-07 as the Association of Community Human Service Agencies (ACHSA) and DMH jointly agreed to allow this action to address negotiations that did not occur prior to the finalization of the FY 2006-07 MCA.

The MCAs of DMH LE Agreements categorize the CGF allocations between match and non-match dollars. The distinction between the match and non-match dollars serves as a basis for payment of services provided to mental health clients. ACHSA has voiced the need to realign the CGF allocations based on the client mix of actual clients served. Without the realignment of the CGF allocations, as services are provided to clients eligible for benefits with insufficient dollars allocated to the respective category in the MCA, the contract provider will not receive payment for services until after DMH's reconciliation of the State settlement, which is up to 24 months after the close of the fiscal year. In addition, they may have available CGF allocated in other categories that will not be used. The rebasing of the CGF allocations and the addition of the FFP, SGF, and Healthy Families revenues will allow the contract providers the ability to reflect services based on their respective client mix and receive timely payments for services provided. All legal entity contract providers were given the opportunity to submit proposals to DMH to rebase their CGF allocations within their contracts. As a result, out of the nine (9) contract providers who submitted proposals, eight (8) contract providers were approved and one (1) contract provider's request was withdrawn.

The attached Amendment format has been approved as to form by County Counsel. The CAO has reviewed the proposed actions. Clinical and administrative staff of DMH will continue to administer and supervise the programs to ensure that quality services are being provided to clients, and ensure that Agreement provisions and department policies are being followed.

IMPACT ON CURRENT SERVICES

The rebasing of CGF will not interrupt the delivery of, or operations of mental health services and will align County funds according to each contractor's client mix. The shift of funds shall comply with all County, State, and federal regulations for which these categorical funds are given and designated.

CONCLUSION

The DMH will need one (1) copy of the adopted Board actions. It is requested that the Executive Officer of the Board notify DMH 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:JDC:KN:CK

Attachments (3)

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

ATTACHMENT I

CONTRACT NO._____

AMENDMENT NO._____

THIS AMENDMENT is made and entered into this _____ day of_____ _____, 2007, 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. _____ and any subsequent amendments (hereinafter collectively "Agreement"); and

WHEREAS, for Fiscal Year 2006-07, County and Contractor intend to amend Agreement only as described hereunder; and

WHEREAS, for Fiscal Year 2006-07, County and Contractor intend to amend Agreement to allow Legal Entity (LE) Contract Providers the ability to rebase County General Fund (CGF) allocations within their existing Maximum Contract Amount. Rebasing will enable existing LE Contract Providers the ability to draw down additional Federal Financial Participation (FFP), State General Funds (SGF), and Healthy Families revenues by realigning the match and non-match CGF within their respective contracts consistent with the services provided to the uninsured and those eligible for benefit programs. This will allow a more effective and efficient use of contract dollars based on actual services delivered. At the time of the State settlement, CGF will first be used by the Contract Provider for any mandated County local match to Federal and/or State funds; and

WHEREAS, for Fiscal Year 2006-07, County and Contractor intend to amend Agreement to **reduce** $_____ from Local MHP Non Medi-Cal funds and to **increase** Non-Early and Periodic Screening, Diagnosis, and Treatment (EPSDT)-County General Funds (CGF) by the amount of $_____; and to **add** $_____ in Non-EPSDT-FFP Medi-Cal for a combined total increase of $_____ to the Maximum Contract Amount (MCA); and

WHEREAS, for Fiscal Year 2006-07, County and Contractor intend to amend Agreement to **reduce** $_____ from Local MHP Non Medi-Cal funds and to **increase** EPSDT-CGF by the amount of $_____; and to **add** $_____ in EPSDT-FFP Medi-Cal and $_____ in EPSDT-SGF for a combined total increase of $_____ to the MCA; and

WHEREAS, for Fiscal Year 2006-07, County and Contractor intend to amend Agreement to **reduce** $_____ from Local MHP Non Medi-Cal funds and to **increase** Healthy Families-CGF by the amount of $_____; and to **add** $_____ in Healthy Families-FFP for a combined total increase of $_____ to the MCA; and

WHEREAS, for Fiscal Year 2006-07, County and Contractor intend to amend Agreement to **reduce** $_____ from EPSDT-CGF and to **increase** Healthy Families-CGF by the amount of $_____; and to **decrease** EPSDT-FFP Medi-Cal by the amount of $_____ , EPSDT-SGF by the amount of $_____, and **increase** Healthy Families in the amount of $_____, for a combined total decrease of $_____; and

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WHEREAS, for Fiscal Year 2006-07, the MCA will be **increased/decreased** by a total of $_____ with a revised MCA of $_____.

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

1. Paragraph 4 (FINANCIAL PROVISIONS), Subparagraph C (Reimbursement For Initial Period) shall be deleted in its entirety and the following substituted therefore:

   "C. Reimbursement For Initial Period: The Maximum Contract Amount for the Initial Period of this Agreement as described in Paragraph 1 (TERM) shall not exceed _____ DOLLARS ($_____) and shall consist of County, State, and/or Federal funds as shown on the Financial Summary. This Maximum Contract Amount includes Cash Flow Advance which is repayable through cash and/or appropriate Service Function Code (SFC) units and/or actual and allowable costs as authorized by other provisions of this Agreement. Notwithstanding any other provision of this Agreement, in no event shall County pay Contractor more than this Maximum Contract Amount for Contractor's performance hereunder during the Initial Period. Furthermore, Contractor shall inform County when up to 75 percent (75%) of the Maximum Contract Amount has been incurred. Contractor shall send such notice to those persons and addresses which are set forth in Paragraph 61 (NOTICES)."

2. Financial Summary - for Fiscal Year 2006-07 shall be deleted in its entirety and replaced with Financial Summary – _ for Fiscal Year 2006-07, attached hereto and incorporated herein by reference. All references in Agreement to Financial

Summary - for Fiscal Year 2006-07 shall be deemed amended to state "Financial Summary – _ for Fiscal Year 2006-07."

3. Contractor shall provide services in accordance with Contractor's Fiscal Year 200 -0 Negotiation Package for this Agreement and any addenda thereto approved in writing by Director.

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

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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 or his designee, 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:
OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT ADMINISTRATION:

DEPARTMENT OF MENTAL HEALTH

By_____
Chief, Contracts Development
and Administration Division

CMK:Rebasing Amendment April 25, 2007

Attachment II

COUNTY OF LOS ANGELES - DEPARTMENT OF MENTAL HEALTH
REBASING AMENDMENTS FOR CONTRACT PROVIDERS
FY 2006-07

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	FY 2006-07													
	CGF REALIGNMENTS				INCREASE/(DECREASE) IN REVENUE ALLOCATIONS									
Agency	Other CGF (Indigent)	EPSDT CGF	Healthy Families CGF	Non EPSDT CGF for Match	Non EPSDT FFP Medi-Cal	EPSDT FFP Medi-Cal	EPSDT SGF	Healthy Families-FFP	Total	Last Board Approved MCA	Current MCA	Revised MCA	Amend. No.	% Change in MCA
Pasadena Unified School District		$ (12,668)	$ 12,668			$ (69,376)	$ (56,707)	$ 23,526	$ (102,557)	$ 2,000,000	$ 2,128,806	$ 2,026,249	2	1%
San Fernando Valley Community MHC, Inc.	(447,067)	48,000		399,067	399,067	262,870	214,870		876,807	21,777,038	24,535,976	25,412,783	10	17%
Telecare Corporation	(171,000)			171,000	171,000				171,000	8,674,276	8,674,276	8,845,276	8	2%
Didi Hirsch Psychiatric Service	(640,518)		40,518	600,000	600,000			75,248	675,248	17,597,791	17,672,791	18,348,039	5	4%
The Los Angeles Child Guidance Clinic	(45,650)	45,650				311,817	266,167		577,984	11,979,489	12,283,789	12,861,773	6	7%
ENKI Health & Research Systems, Inc.	(214,076)			214,076	214,076				214,076	24,922,135	25,334,921	25,548,997	7	3%
Step Up on Second Street, Inc.	(65,000)			65,000	65,000				65,000	2,294,844	2,622,162	2,687,162	4	17%
Child and Family Guidance Center	(221,031)		221,031					410,486	410,486	17,069,423	18,451,379	18,861,865	7	11%
Total	(1,804,342)	$ 80,982	$ 274,217	$ 1,449,143	1,449,143	$ 505,311	$ 424,330	$ 509,260	$ 2,888,044	$ 106,314,996	$ 111,704,100	$ 114,592,144		

ATTACHMENT III

BOARD OF SUPERVISORS OFFICIAL COPY

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:

Department of Mental Health
Federal Aid Mental Health - Medi-Cal
A01-MH-20500-9025
$1,954,000

Department of Mental Health
Federal Other - Ins. Reimbursement
A01-MH-20500-9033
$509,000

Department of Mental Health
Other State Aid - Health
A01-MH-20500-8771
$425,000

Increase Revenue

Uses:

Department of Mental Health
Services and Supplies
A01-MH-20500-2000
$2,888,000

Increase Appropriation

Justification:

This adjustment is requested to increase Services and Supplies to provide spending authority for contracted services. The Appropriation Adjustment is fully funded with Federal Financial Participation Medi-Cal, Early and Periodic Screening, Diagnosis, and Treatment - State General Funds, and Healthy Families revenue. There is no impact on net County cost.

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

CHIEF ADMINISTRATIVE OFFICER'S REPORT

REFERRED TO THE CHIEF ADMINISTRATIVE OFFICER FOR — ACTION

✓ RECOMMENDATION

AUDITOR-CONTROLLER NO. 231

BY [signature] 04/26 2007

APPROVED AS REQUESTED 4/26 2007 ~~19~~

AS REVISED [signature]
CHIEF ADMINISTRATIVE OFFICER

APPROVED (AS REVISED): BOARD OF SUPERVISORS 19

BY
DEPUTY COUNTY CLERK

SEND 5 COPIES TO THE AUDITOR-CONTROLLER