



County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

January 29, 2009

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

REPORT ON REVISED RECOMMENDATIONS FOR THE USES OF \$44.8 MILLION FOR THE PUBLIC PRIVATE PARTNERSHIP PROGRAM (ITEM NO. 65, AGENDA OF FEBRUARY 3, 2009)

On January 27, 2009, your Board approved a motion by Supervisor Ridley-Thomas to move that the recommendations of the Public Private Partnership (PPP) Allocation Workgroup (Workgroup) be consistent with the original motion by Supervisor Molina on October 7, 2008, regarding the uses of the \$44.8 million approved by your Board for the PPP program.

In addition, your Board approved a motion by Supervisor Molina to accept the recommendations in our report (Item 33 on the January 27, 2008 agenda) that were made with regard to the original intent of the October 7, 2008 motion and to instruct the Chief Executive Officer to use the remaining funds for infrastructure needs and expand that option within the original recommendation. Further, your Board directed this Office to report back at your February 3, 2009 meeting with an outline of how the unallocated funds will be utilized.

This report presents our understanding of the recommendations as revised by your Board's January 27, 2009 actions.

"To Enrich Lives Through Effective And Caring Service"

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October 7, 2008 Motion by Supervisor Molina

Specific to the recommended uses of the \$44.8 million, Supervisor Molina's original motion:

- Instructed the Chief Executive Officer to set aside \$4.8 million of the \$44.8 million for infrastructure investments to establish new clinic sites in under-equity SPAs (Service Planning Areas), and that these designated infrastructure funds be spent before the remaining funds are distributed; and
- Instructed the Chief Executive Officer and Interim Director of Health Services to reconvene the Public Private Partnership allocation workgroup to develop recommendations to be presented to the Board within 90 days regarding the use of these funds, including:
 - How to most strategically use the \$4.8 million in infrastructure dollars in under-equity SPAS;
 - How to most strategically use the remaining \$40 million (given the one-time nature of these funds) to address PPP inequity in under-equity SPAs over a three-year period, including replicating successful models and leveraging additional outside funding;
 - Strategies for improving coordination of care – including the creation of medical homes, especially for frequent users of the emergency room services; and
 - Strategies on how the uses of these funds can be implemented, monitored, and overseen to ensure accountability and encourage best practices.

Revised Recommendations

Attachment I reflects revised recommendations, based on the actions taken by your Board on January 27, 2009, including the use of \$3.0 million to increase the \$4.8 million to \$7.8 million for infrastructure.

Consistent with the original motion on October 7, 2008, the recommendations now reflect \$43.3 million, consisting of the \$7.8 million in infrastructure dollars and \$35.5 million for additional visits, only in SPAs 1, 3, 6, 7 and 8. The recommendation regarding the use of \$1.5 million for the Encounter Summary Sheet project, intended to improve coordination of care, remains unchanged.

Further, the recommendations were revised to delete references to underserved geographic areas, because those guidelines were developed in response to the amendment, proposed by Supervisor Yaroslavsky and previously approved by your Board on October 7, 2008, related to consideration of all areas of the County that are federally designated as underserved, along with under-equity SPAs, for funds earmarked for expanded PPP services.

Impact on Distribution of Funds by SPAs

Attachments II and III reflect the DHS projected distribution of the \$43.3 million for illustration and planning purposes only. The distribution of new funds in the attachments assumes that one-third of the funds are allocated among SPAs 1,3,6,7 and 8 in such amounts to bring each up to the same relative percentage of the updated 2008 Allocation Formula, as applied to the new funding total. With these planning estimates, SPAs 1, 3, 6, 7 and 8 will be at 75.8 percent of their 2008 Allocation Formula percentages. This represents an increase in relative percentage for SPAs 1, 3, 6 and 7 and a decrease of relative percentage for SPA 8, although SPA 8 would receive an absolute increase in funds.

It is the recommendation of the CEO and DHS that the allocation of the new funds among SPAs 1,3,6,7 and 8 as shown on these attachments be considered planning estimates. DHS will use these amounts and percentages to inform potential applicants of the possible distribution of funds, but the actual distribution should be based on the outcome of the competitive process and the viability of the infrastructure and clinical service expansion proposals, with the understanding that the Department will return to the Board for guidance before recommending contracts if the results show an actual allocation significantly different from the planning estimates.

For your reference, Attachment IV is a map which reflects the SPAs and the DHS and PPP facilities.

As noted in our earlier report, funds currently distributed to SPA 2 reflect a percentage which is slightly above its 2008 Allocation Formula percentage and, therefore, SPA 2 is currently an "over-equity" SPA. Based on implementation of the revised recommendations, SPA 2 will fall below its 2008 Allocation Formula percentage, as a percentage of the new funding total, although its relative percentage will remain slightly above SPAs 1, 3, 6, 7 and 8. SPA 2 will see a relative drop to 80.4 percent of its 2008 Allocation Formula percentage.

Adjustments in the distribution of funds to address the decreases in the relative percentages for SPAs 2 and 8 are a matter of Board policy.

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Implementation Issue

Supervisor Molina's original motion directed that the infrastructure funds "be spent before the remaining funds are distributed." In order to expedite the implementation of this new initiative, DHS recommends that the competitive process for the infrastructure and the service funding be linked and conducted simultaneously, so that patient visit funding can be clearly reserved for those projects receiving infrastructure funding and the remainder of the clinic visit funding can be implemented as soon as possible.

Please contact me if you have questions or need additional information, or your staff may contact Sheila Shima, Deputy Chief Executive Officer, at (213) 974-1160.

WTF:SRH:SAS
MLM:JT:bjs

Attachments

c: Executive Officer, Board of Supervisors
County Counsel
Interim Director, Department of Health Services

**Public-Private Partnership Program
Recommendations On Use of \$44.8 Million**

**(As Revised by Action of the Board of Supervisors
on January 27, 2009)**

A) Use of ~~\$4.8 Million~~ \$7.8 Million:

Workgroup Recommendation: Utilize funds for capital projects/renovations, including equipment, to add/expand clinic capacity in SPAs 1, 3, 6, 7, and 8. Projects should already be designed/initiated with expected completion within two years.

DHS and CEO propose the following:

- a. Projects can be for: 1) (first priority) new sites of new or current PPP providers in ~~underserved geographic areas~~ of these SPAs; 2) (second priority) ~~development of new sites in the SPAs; or 3) (third priority)~~ expansions of existing sites.

This prioritization was developed in order to first support development of new clinic sites in these SPAs to address the current lack of infrastructure, ~~either in the underserved geographic areas or other close by areas~~ within the SPA. However, on a case by case basis, DHS may determine that the needs of the area would be best and most expeditiously served by expansions of existing sites, as reflected in the CCALAC recommendations for use of the \$4.8 million.

- b. Projects may include a) new or expanded school-based health clinics that offer services to families and b) PPPs providing services at County directly operated sites.

This language is intended to clarify that the DHS solicitation process will encourage proposals which seek to leverage other resources in meeting the need for additional infrastructure capacity in these areas.

- c. A portion of the ~~\$4.8 million~~ **\$35.5 million**, as described below, should be set aside to fund visits at these new or expanded sites.

The Workgroup felt it was essential that a portion of these funds be earmarked for new visits to be provided at the clinic sites/expansions funded by the ~~\$4.8 million~~ in capital/infrastructure funds.

- d. Recipients of funds must identify how County funds will leverage other funding streams and how the clinic will be sustainable after the three years of County funds are depleted.

B) Use of ~~\$40.0 Million~~ \$37.0 million:

Recommendations:

1. \$1.5 million for Encounter Summary Sheet project, to include all PPP Strategic Partners in all SPAs (improves coordination of care).
2. ~~\$3.0 million for underserved geographic areas in SPAs 2, 4 and 5. Funds can be used for capital infrastructure, including equipment, and/or to fund new visits at PPP clinic sites.~~

~~While the Workgroup agreed that funding should be identified also to address the needs of underserved geographic areas in SPAs 2, 4 and 5, the difficulty was in identifying data that would assist the Workgroup members in recommending a specific funding amount from the \$38.5 million remaining after adjusting for the proposed ESS project funds. Ultimately, the Workgroup's recommendation was based on unanimous agreement for \$3.0 million, calculated by recommending \$1.0 million per year for three years.~~

~~In addition, the Workgroup is recommending that additional funds from the remaining \$35.5 million may be made available for qualifying proposals in SPA 2 underserved geographic areas up to an amount that would maintain the SPA 2 proportional allocation of funds as determined by the 2008 Allocation Formula.~~

~~Under the current distribution of PPP program funds, PPP clinics in SPA 2 receive almost 17.3 percent of PPP program funds, which is less than one percent above its 2008 Allocation Formula percentage of around 16.8 percent. Receiving only a portion of the \$3.0 million would result in SPA 2 falling below its 2008 Allocation Formula percentage, along with SPAs 1, 3, 6, 7 and 8.~~

3. Up to \$35.5 million over three years to SPAs 1, 3, 6, 7 and 8 for visits for new (unique) patients at current or new PPPs in the following categories:
 - i. Visits at sites chosen for the ~~\$4.8 million~~ capital/infrastructure projects, including equipment.

As noted above, the Workgroup felt it was essential that a portion of these funds be earmarked for new visits to be provided at the clinic

sites/expansions funded by the ~~\$4.8 million~~ in capital/infrastructure funds. This is first priority for these funds.

ii. The remaining categories are not in priority order and will be subject to evaluation by DHS.

1. Visits at new PPP sites by current PPP providers in ~~underserved geographic areas~~ in these SPAs and/or visits at sites operated by current PPP providers but not currently funded in their contract.

2. Additional visits at existing PPP sites in these SPAs.

3. Additional visits for clinics in SPAs 2, 4, and 5, which provide at least 50 percent of their PPP visits to patients residing in SPAs 1, 3, 6, 7, and 8.

DHS and CEO propose the following:

a. To receive a portion of the ~~\$38.5 million~~ **\$35.5 million** for recommendations ~~2 and 3~~, performance metrics must be developed, best practices encouraged and clinics must show how new visits can be sustained after 3 years, when County funds are depleted.

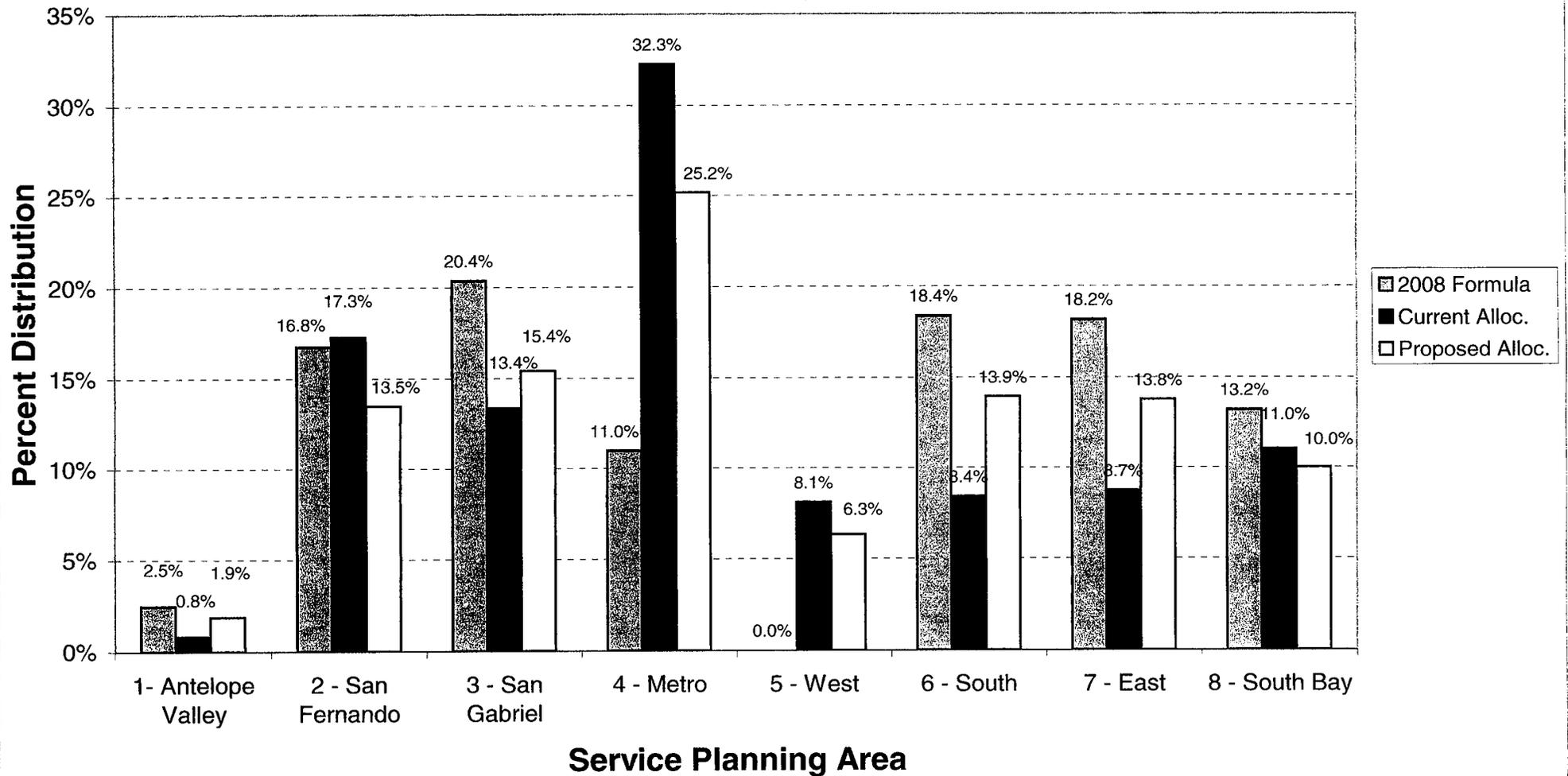
This will allow DHS to monitor the use of these funds in a way that can ensure accountability. DHS will work with its PPP providers to develop similar performance metrics and best practices to incorporate into all PPP provider contracts.

b. Projects may include a) new or expanded school-based health clinics that offer services to families and b) PPPs providing services at DHS directly operated sites.

As indicated above, this language is intended to clarify that the DHS solicitation process will encourage proposals which seek to leverage other resources in meeting the need for additional infrastructure capacity in these areas.

c. Recipients of funds must identify how County funds will leverage other funds.

Current PPP Allocation (FY 08/09) Compared to 2008 Updated Needs Formula and Potential Allocation (Current + New Funds) DRAFT



**Potential Distribution of Current and New Funding for Public-Private Partnership Program
(For Planning Purposes Only)**

Service Planning Area	Updated Formula 2008	Current Annual SPA Allocation ¹		New Funds	New Total Allocation ¹		Percent of "Equity"
		Amount	Percent		Amount	Percent	
SPA 1 Antelope Valley	2.5%	\$415,674	0.8%	\$807,823	\$1,223,497	1.9%	75.8%
SPA 2 San Fernando	16.8%	8,760,792	17.3%	0	8,760,792	13.5%	80.4%
SPA 3 San Gabriel	20.4%	6,762,854	13.4%	3,258,021	10,020,875	15.4%	75.8%
SPA 4 Metro	11.0%	16,343,296	32.3%	0	16,343,296	25.2%	229.1%
SPA 5 West	-0.4%	4,109,900	8.1%	0	4,109,900	6.3%	--
SPA 6 South	18.4%	4,259,639	8.4%	4,795,197	9,054,836	13.9%	75.8%
SPA 7 East	18.2%	4,422,001	8.7%	4,526,440	8,948,441	13.8%	75.8%
SPA 8 South Bay	13.2%	5,581,998	11.0%	915,894	6,497,892	10.0%	75.8%
TOTAL SPA ALLOCATION	100.0%	\$50,656,154	100.0%	\$14,303,374	\$64,959,528	100.0%	

¹ Allocations exclude funding for dental visits.

Los Angeles County
Public Private Providers and Department of Health Services Facilities

