COUNTY OF LOS ANGELES

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DEPARTMENT OF MENTAL HEALTH

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February 16, 2010

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:

AUTHORIZATION FOR RETROACTIVE PAYMENT TO SUCCESS HEALTHCARE 1
(SUPERVISORIAL DISTRICT 1)
(3 VOTES)

SUBJECT

Request authorization to make a retroactive payment in the amount of $71,204 to Success Healthcare 1, LLC, dba Silver Lake Medical Center, for Psychiatric Mobile Response Team Psychiatric Outreach Diversion Program inpatient services during Fiscal Year 2008-09.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Director of Mental Health, or his designee, to make a retroactive payment to Success Healthcare 1, LLC, dba Silver Lake Medical Center (Success), for Psychiatric Mobile Response Team (PMRT) Psychiatric Outreach Diversion Program (PDP) inpatient services provided following termination of the Intercare Health Systems, Inc., dba City of Angels Medical Center - Ingleside Campus (Intercare), Fee-for-Service (FFS) Inpatient Hospital Agreement MH060019 (Agreement) with the Department of Mental Health (DMH).

2. Approve the Internal Services Department (ISD) to issue a purchase order for a retroactive payment, in the amount of $71,204, to Success for PDP inpatient services for the period of November 18, 2008 through February 18, 2009. This amount, which will be funded by net County cost, was included in DMH's Fiscal Year (FY) 2008-09 Adopted Budget, accrued as FY 2008-09 net County cost, and reflects services provided by Success for a three-month period following termination of the Intercare's FFS Agreement with DMH.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of this recommendation will authorize payment to Success for PDP inpatient services provided during a three-month period during which Success did not have an agreement in place with DMH. The number of patients, bed days, and costs for services during this period are shown on the Attachment.

Background

In August and September 2008, when Success planned its acquisition of the City of Angels Medical Center from Intercare, Success stated that it did not wish to take assignment of the agreement that Intercare had with DMH to provide FFS hospital beds and PDP beds. Accordingly, Intercare terminated its Agreement with DMH on November 17, 2008. The new entity, Success, commenced operations immediately, and DMH allowed the new entity, Success, to maintain the hospital's Lanterman-Petris-Short Act (LPS) designation. LPS designation enabled Success to continue to provide involuntarily evaluation and treatment of individuals, despite it having yet to negotiate a contract with DMH.

Following the termination of the Intercare Agreement and Success' acquisition of the hospital, pursuant to State regulations and since FFS hospital beds are paid for directly by the State, FFS hospital beds nevertheless remained available for placement of Medi-Cal patients at the hospital in the absence of a new DMH agreement with Success, but only at the non-contract State rate. Unlike the FFS hospital beds, however, there was no authority to pay for PDP beds without a DMH agreement in place with Success, as PDP beds are paid for with County funds. Therefore, no PDP referrals should have been made. However, DMH staff inadvertently continued to refer patients for PDP services to the new entity, Success, in error. Success could not be reimbursed for these PDP services.

On February 18, 2009, when DMH Countywide Resource Management's (CRM) PDP Manager became aware of the termination of Intercare's Agreement, PDP admissions were immediately stopped until a new FFS agreement and PDP amendment with Success were executed.

A new agreement with Success was executed on June 11, 2009. The delay in the execution of the new agreement was caused by Success' delay in providing the necessary documentation required to review the hospital's qualifications as a potential new contractor. The final requisite documents arrived in May 2009. After review and approval of the materials provided by Success, the new agreement was sent to Success and the agreement was signed and returned on June 11, 2009.

Retroactive Contracts Review Committee

On December 10, 2009, DMH presented this matter to the Retroactive Contracts Review Committee (RCRC). The RCRC requested that DMH prepare a Corrective Action Plan (CAP) which addressed both prevention of such retroactive contract occurrences and early detection and cessation of such occurrences if they recur. Based upon subsequent submission of a CAP addressing these issues, the RCRC voted to recommend DMH move forward for Board approval. The CAP includes the following actions to ensure that this situation does not recur:

• DMH has finalized and published the Geographic Contract Matrix (Matrix), which lists and identifies all the DMH staff responsible for, or involved with, each contract. DMH's Contracts Development and Administration Division (CDAD) is responsible for updating, maintaining, and posting the Matrix

on the DMH Internet for immediate availability to everyone in DMH. The Matrix is used to notify all Departmental staff involved with a particular contract regarding contract changes. Additionally, CDAD will include the DMH staff identified on the Matrix responsible for a contract on the written Board notifications when a contract terminates.

• CDAD will collaborate with ISD to provide refresher overview courses on contracting policies and procedures to all DMH staff with contracting responsibilities. Additionally, staff will be required to sign an acknowledgement that they have been informed that prior to requesting contract services, verification must be made that a current contract exists and there is sufficient contract authority to fund the services; and that non-compliance with the policies and procedures may result in disciplinary action. In November 2009, the Chief of CDAD conducted a training discussion with DMH District Chiefs regarding various contracting topics such as contracts' effective and termination dates, scope of services in contracts, notifications, etc.

• Provider Reimbursement Unit (PRU) of DMH's Accounting Division will be required to notify the DMH staff on the Matrix and the contract agency in writing when an invoice is received for service for which a contract does not exist or has terminated prior to the services rendered. Additionally, if after the notification a second invoice is received by PRU for payment, it will be immediately brought to the attention of DMH's Executive Management for corrective action.

Implementation of Strategic Plan Goals

The recommended actions are consistent with the County's Strategic Plan Goal 4, Health and Mental Health.

FISCAL IMPACT/FINANCING

The recommended actions will reimburse Success in the amount of $71,204 of net County cost as detailed in the Attachment for psychiatric inpatient services rendered from November 18, 2008, through February 18, 2009. This action will be funded with existing PDP allocation from the Psychiatric Emergency Services (PES) relief plan, included in the Department's FY 2008-09 Adopted Budget. DMH established an expenditure accrual during the FY 2008-09 closing process to account for the payment. There is no increase in net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On April 6, 2005, DMH and the Department of Health Services (DHS) submitted recommendations to your Board for decompression of the County hospitals' PES. Subsequent to the submission of these recommendations, the Directors of DMH and DHS were requested by your Board to explore additional strategies to relieve the increased demand on the DHS PES as well as psychiatric inpatient services.

As part of the PES relief plan, DMH, the Chief Executive Office (CEO), and DHS implemented the PDP. Under the PDP, when all DHS PES are at a predetermined census, DMH CRM places uninsured individuals, identified by DMH's field response operation as requiring hospitalization, in participating PDP private hospitals to reduce demand on County hospitals' PES and inpatient care. Participating PDP providers are contracted FFS hospitals, with LPS designation for involuntary treatment, that provide acute and administrative inpatient bed-days based on a negotiated case rate, plus applicable daily administrative rates. DMH contracts for PDP services through amendments to the FFS inpatient hospital agreements.

After discovering the error and investigating the causes, and in response to the actions described in the RCRC section above, DMH has begun implementing the proposed corrective actions. DMH management has already taken steps to increase coordination and communication among Managed Care Division, CRM, PRU, and CDAD to ensure that this situation does not recur.

County Counsel and the Chief Executive Officer (CEO) have reviewed and approved the proposed actions.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services.

Respectfully submitted,

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

MJS:TB:RK

Enclosures

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors
Chairperson, Mental Health Commission

ATTACHMENT

COUNTY OF LOS ANGELES - DEPARTMENT OF MENTAL HEALTH
SUCCESS HEALTHCARE 1, LLC dba SILVER LAKE MEDICAL CENTER
COST SCHEDULE
FY 2008/09

CLAIMING PERIOD	# of PATIENTS SEEN	# OF BED DAYS	NET BILLING AMOUNT
November 2008	3	15	$ 9,900
December 2008	5	65	21,704
January 2009	5	36	16,500
February 2009	7	55	23,100
Total	**20**	**171**	**$ 71,204**