Health Services
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June 15, 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:

APPROVAL OF SUPERSEDING PUBLIC-PRIVATE PARTNERSHIP PROGRAM AGREEMENTS
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)

SUBJECT

Request approval of superseding Public-Private Partnership Program Agreements with 54 current Contractors for Primary Care, Dental Care, and Specialty Care Services.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Interim Director of Health Services (Interim Director), or his designee, to execute new Public-Private Partnership (PPP) Program Agreements with 54 current PPP Program Strategic and Traditional Partners, listed in Attachment A, to supersede existing PPP Program Agreements effective July 1, 2009 through June 30, 2010, at a maximum cost of $56,581,074, consisting of $15,509,000 in Tobacco funds and $39,660,326 in net County cost (NCC), and expanded primary care services with participating Service Planning Area (SPA) 6 Contractors in the amount of $1,411,748 in State funded South Los Angeles Medical Services Preservation Funds (SB474), utilizing the existing one year automatic renewal provision for the period of July 1, 2010 through June 30, 2011 and authorizing an additional one year renewal provision for the period of July 1, 2011 through June 30, 2012, for the continued provision of primary, specialty, and/or dental care services, at a maximum annual cost during each renewal year of $56,549,490, consisting of $15,509,000 in Tobacco funds and $39,628,742 in NCC, and expanded

primary care services with participating SPA 6 Contractors in the amount of $1,411,748 in SB474, contingent upon continued State funding.

2. Delegate authority to the Interim Director, or his designee, to execute Amendments to the PPP Program Agreements, subject to review and approval by County Counsel and the Chief Executive Office (CEO), and notification to your Board, to make funding adjustments to:

i) utilize unspent prior year funds, on a one time only basis, each fiscal year (FY) the Agreements are in effect, beginning with FY 2007-08, and transfer these unspent funds that the Department of Health Services (DHS or Department) may identify, to augment Clinic Capacity Expansion Program (CCEP) agreements with providers in SPA 2, to maintain funding equity in the SPA;

ii) utilize unspent prior year funds on a one time only basis each fiscal year the Agreements are in effect, beginning with FY 2007-08, to transfer unspent funds, or a portion there of, that DHS may identify, to augment CCEP agreements, in under equity SPAs 1, 3, 6, 7, and 8, outside of SPA 2, if SPA 2 is at equity; and

iii) increase funding up to, but not to exceed, 25 percent of the base maximum obligation for each FY that the Agreements are in effect, should DHS identify additional funding to be allocated in accordance with your Board approved allocation methodology.

iv) increase or decrease the funding for dental care services under the Dental Services agreements, with County FY 2009-2010 (July 1 through June 30) up to the original County maximum obligation for such services, on a one-time only basis for each FY the agreements are in effect.

v) update, revise or add regulatory and/or additional program requirements.

vi) add County's space use exhibits to the PPP Agreements with PPP Program providers who currently co-locate in County operated clinics and/or have taken over County health clinics, as identified in Attachment A.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The current PPP Program Agreements do not expire until June 30, 2010 and contain a provision for an automatic one year renewal for the period July 1, 2010 through June 30, 2011. However, in a collaborative effort with Community Clinic Association of Los Angeles, DHS has developed a new PPP Program Agreement that will better meet the needs of DHS and the County's community partners.

Approval of the first recommendation will allow the Interim Director, or his designee, to execute new superseding PPP Program Agreements, substantially similar to Exhibit I, with the 54 current PPP Program Contractors utilizing the existing automatic renewal provision for a 12 month period, effective July 1, 2010 through June 30, 2011 and, combined with the requested additional automatic 12 month renewal period, will extend the program effective July 1, 2011 through June 30, 2012

allowing the Department adequate time to determine what effects recent healthcare reform legislation and the new Medi-Cal Waiver will have on the PPP Program and structure the program accordingly.

Approval of the second recommendation will allow DHS the flexibility to execute Amendments to increase/decrease Contractor's funding based on under/over utilization of funds, while maintaining the Board approved allocation methodology. In addition, it will provide DHS with authority to roll forward and utilize unspent prior FY funds, on a one time only basis, for each FY the Agreements are in effect, and transfer these funds, or a portion of the funds, to augment the CCEP Agreements with providers in SPA 2 in order to maintain funding equity or augment the CCEP Agreements of providers in under equity SPAs outside of SPA 2, if SPA 2 is at equity. Approval of this recommendation will also allow DHS to execute Amendments to increase funding up to, but not to exceed, 25 percent of the base maximum obligation for each FY the agreements are in effect, if DHS identifies funding to be allocated in accordance with your Board approved allocation methodology. Additionally, the Department will be able to reallocate funding across the Dental Services contracts to ensure the best utilization of funds for those services. The second recommendation will also allow DHS to execute Amendments that will revise regulatory and/or program requirements which will maintain compliance with state and federal law and/or improve operational efficiencies within the program. This may include revising the necessary exhibits that will meet the Department of Public Health's, DHS', and the PPP Program providers' needs related to the use of County space provisions.

The Department will execute administrative Amendments using the authority delegated pursuant to these requests. Any other material changes to the contracts will be subject to Board of Supervisors approval.

Implementation of Strategic Plan Goals

These recommended actions support Goal 4, Health and Mental Health of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The maximum obligation for the PPP Program services, effective July 1, 2009 through June 30, 2010 is $56,581,074 (consisting of $15,509,000 Tobacco Funds, $39,660,326 NCC, and $1,411,748 SB474), to provide primary care services in the amount of $50,106,115, specialty care services in the amount of $464,633, dental care services in the amount of $4,598,578 and expanded primary care services with participating SPA 6 providers in the amount of $1,411,748.

The annual maximum obligation for the two 12 month automatic renewal periods, in FY 2010-11 and FY 2011-12, is $56,549,490 (consisting of $15,509,000 Tobacco Funds, $39,628,742 NCC, and $1,411,748 SB474), to provide primary care services in the amount of $49,590,315, specialty care services in the amount of $948,849, dental care services in the amount of $4,598,578 and expanded primary care services with participating SPA 6 providers in the amount of $1,411,748 for each fiscal year, contingent upon funding for SB474.

On April 22, 2008 your Board approved the recommendations from the allocation formula working group which included provisions to roll forward and reallocate unspent funds, beginning in FY 2007-

08, based on the 2008 Allocation Formula to address equity. DHS will be utilizing this same methodology at the end of each FY while the Agreements are in effect. On February 3, 2009, your Board instructed the Department to utilize these roll forward funds, if available, to augment agreements in SPA 2 under the CCEP as appropriate.

Funding is included in the Health Services Administration's FY 2009-10 Final Budget and will be requested in future FYs, as necessary.

Funding for these Agreements has been partially offset by the South Los Angeles Medical Services Preservation Fund (Preservation Fund) that was established by Senate Bill 474 (SB 474) with the funding scheduled to sunset June 30, 2010.

Assembly Bill (AB) 2599 (Bass and Hall), introduced into the State Assembly on February 19, 2010, would ensure continuation of the Preservation Fund past the current sunset date. It is expected that this or a similar bill will pass the State legislature by the end of August 2010. DHS is extending the contracts for FY 2010-11 prior to the passage of the bill in order to ensure continuity of services. If legislation to extend the Preservation Fund is not enacted and other funding is not designated for this purpose, DHS may exercise its option to terminate the Agreements with 30 days prior written notice.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On June 17, 2008, your Board approved agreements with the PPP providers identified in Attachment A, for the continued provision of primary, specialty, and dental services.

Since your Board's approval of the aforementioned agreements, and in accordance with the April 22, 2008 Board motion, DHS continues ongoing discussions with PPP providers and stakeholders to ensure the greatest efficiency and maximization of limited PPP County funds. The recommended superseding PPP Program Agreement was developed in conjunction with County Counsel, the Department and representatives of the Community Clinic Association of Los Angeles County. It includes new and/or revised contract language that would meet the needs of the Department and allow some flexibility in the utilization of funds within the SPA, removes site specific allocations, and better defines the various allocations of funding, while maintaining the Allocation Methodology as approved by your Board.

Traditional Partner PPP Program Agreement Nos. H-703456 with URDC Human Services Corporation and H-703434 with El Dorado Community Service Center respectively, will be superseded by superseding Strategic Partner PPP Program Agreements, effective July 1, 2010, with no change to the current County maximum obligation, as identified in Attachment A.

Specialty care services will be deleted from PPP Program Agreement No. H-703422 with BAART Community Healthcare (BAART) and the funds designated under BAART's specialty care service category will be transferred to its primary care service category in the superseding Agreement.

Superseding Agreements will add specialty care services to the Strategic Partner Agreements with AltaMed Health Services Corporation, JWCH, Institute Inc., Queenscare Family Clinics, South Bay Family Healthcare Center, and St. John's Well Child and Family Center, Inc., and transfer funds designated under the primary care service category to specialty care service category.

In addition, the superseding PPP Agreement with Venice Family Clinic provides for confidentiality and indemnification provisions to include County's indemnification of contractor. The County has

provided indemnification to Venice Family Clinic for a number of years.

On March 19, 2010, the Department received notification from Medical Group of Paramount, Inc., PPP Agreement No. H-703442, advising they did not wish to exercise the renewal option effective July 1, 2010. The Contractor determined that the allocation of $31,584 was insufficient and they could no longer provide services under the terms of the agreement. Beginning in FY 2010-11, these funds will be categorized as unspent funds and utilized to augment CCEP Agreements in SPA 2.

SPA 2 Equity Funds

On February 3, 2009, your Board authorized the Department to roll forward and utilize unspent prior FY funds, on a one time only basis, for each FY the agreements are in effect, and transfer these funds, or a portion of the funds, to augment the CCEP Agreements with providers in SPA 2 in order to maintain funding equity.

Preservation Funds (SB474)

On February 6, 2008, your Board approved amendments with existing PPP Program contractors providing services in SPA 6, listed in Attachment A, for expanded primary care services to stabilize health services for low income, underserved populations in South Los Angeles who were affected by the closure of MLK-Harbor Medical Center. The Department is recommending continued funding for these agencies as along as the Preservation Funds are available.

Strategic and Traditional Partners

In 2002, the County restructured the PPP Program based on experience that had shown that a significant variation existed among the providers in the clinical delivery of care an in the volume of care provided. Based upon experience, and with a goal of sustaining the current ambulatory care system, the Department implemented the current structure of Strategic and Traditional Partners.

The Strategic Partners have a profile of providing the equivalent of a Federally Qualified Health Center (FQHC) bundle of services, and meet the criteria that demonstrate a long-term commitment to the indigent and underserved population. Accordingly, the Strategic Partners are required to be FQHC-qualified, have FQHC look-alike status, or meet all the requirements of a FQHC look-alike excluding the governance requirements.

The Traditional Partners, like the Strategic Partners, have a role as trusted providers in the community, can assure access to health care to those without other means, and commitment to be comprehensive health centers.

Co-Location and Takeover Clinics

Several of the recommended agreements are with PPP Program Strategic Partners who are co-located in County facilities or who took over County facilities. These agreements address the use of facility space and/or lease space and equipment in exchange for contracted health services to the indigent population. In addition, these Strategic Partners are responsible for a prorated share of facility support services, i.e., utilities, landscaping, as appropriate. DHS is currently developing revised facility space use exhibits that will delineate the responsibility of each department as it relates to these Agreements.

The Agreement may be terminated with or without cause by County with a 30-day advance written

notice to Contractor.

Exhibit I includes the recently adopted Defaulted Property Tax Reduction Ordinance language.

County Counsel has reviewed and approved Exhibit I as to use and form.

Attachment A provides a list of the PPP Program Strategic and Traditional Partners and additional information.

CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of these actions will provide for continued accessibility to primary, specialty, and/or dental care services for the indigent, low-income, and uninsured and underinsured populations throughout Los Angeles County.

Respectfully submitted,

JOHN F. SCHUNHOFF, Ph.D.
Interim Director

JFS:ja

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors