Health Services
LOS ANGELES COUNTY

March 1, 2011

Los Angeles County Board of Supervisors

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Director

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To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners.

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

FROM: Mitchell H. Katz, M.D.
Director

SUBJECT: **RECOMMENDATIONS FOR DELEGATED AUTHORITY TO EXECUTE PROVIDER AGREEMENTS FOR SENIORS AND PERSONS WITH DISABILITIES WITH L.A. CARE REQUIRED FOR THE CALIFORNIA 1115 WAIVER (*Board Agenda Item A-4, March 1, 2011*)**

On November 2, 2010, California Department of Health Services (CDHS) and Centers for Medicare and Medicaid (CMS) entered into a new 1115 Waiver, commonly known as the *California Bridge to Reform*, for a five year period, commencing November 1, 2010. This Waiver provides the framework to federal Health Care Reform in 2014 for Medicaid Coverage Expansion (MCE) enrollees who are adults, aged 19-64, with incomes at or below 133 percent of the Federal Poverty Level (FPL) and who meet citizenship or legal residence requirements. The Waiver will provide health care coverage expansion, continued partial funding of public hospitals' uncompensated costs, new funding for delivery system improvements at public hospitals, Medi-Cal Managed Care for Seniors and Persons with Disabilities (SPDs), and federal matching funds for various State-only funded programs.

On December 14, 2010, your Board authorized the Department of Health Services (DHS) to submit action items related to the 1115 Waiver to your Board on a standing agenda item designated as A-4. This report provides updated information on the conversion of SPDs into managed care and requests your Board's approval of two recommendations of delegated authority to execute agreements.

MANAGED CARE FOR SPDs

Starting June 2011, SPDs in fee-for-service Medi-Cal will be mandatorily converted to managed care over a 12-month period. In Los Angeles County, approximately 172,000 enrollees will be converted, including 27,600 who receive the majority of their services in DHS facilities and another 3,700 whose primary care homes are with the community clinics (County-contracted Public/Private Partnerships (PPPs)), but who receive specialty and inpatient services in DHS facilities.

In the Chief Executive Office's (CEO) status report of December 22, 2010, the CEO and the Interim Director of Health Services recommended that the County and the Local Initiative Health Plan of Los Angeles County, dba L.A. Care Health Plan (L.A. Care) complete negotiations by March 1st and present to your Board a

provider agreement with L.A. Care for the Medi-Cal SPDs. In this agreement, the County will be a network provider for L.A. Care, who will assign these beneficiaries directly to County facilities. The CEO's January 31, 2011 status report on the proposed plan to implement the 1115 Medicaid Waiver Initiative reiterated this intention.

The County negotiating team [composed of representatives from CEO, DHS, and County Counsel] has been meeting weekly with the L.A. Care team. The teams have agreed on the components of the "Division of Financial Responsibility [DOFR]", and very soon, will have the initial four-month contract period rates negotiated. Additional agreements [or amendments to these agreements] will be needed between the State and the County for the intergovernmental transfers (IGTs) to fund inpatient care, and possibly a three-party agreement among the State, the County and L.A. Care for risk sharing. These cannot be completed until discussions with the State on these issues are completed later this year.

Three provider agreements are planned: 1) professional services, 2) facility (hospital) services, and 3) specific specialty services provided to L.A. Care enrollees who are not assigned to DHS for primary care, where capacity exists.

These provider agreements must be approved and executed now, so that L.A. Care can include the County facilities and providers in its direct network listings for patients to choose. Those enrollees whose birthday occurs in June will start receiving enrollment materials for managed care in March.

The agreements will also need to be amended when rates for the year beginning October 1, 2011 are negotiated. However, it is important to get them in place now and we are proposing an initial term of March 1, 2011 through September 30, 2014, with the mutual expectation that the agreements will be amended multiple times during the initial term.

RECOMMENDATION

It is recommended that your Board delegate authority to the Director of Health Services, or his designee, to:

> Negotiate and execute Medi-Cal managed care provider agreements with L.A. Care for Seniors and Persons with Disabilities, effective March 1, 2011 through September 30, 2014, upon review and approval by County Counsel and the CEO, and with notice to your Board.

If you have any questions or need additional information, please contact me or your staff may contact John F. Schunhoff, Ph.D., Chief Deputy Director of Health Services, at (213) 240-8370.

MHK:JFS:jp

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