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DEPARTMENT OF MENTAL HEALTH

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June 14, 2011

TO: Supervisor Michael D. Antonovich, Mayor
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Robin Kay for

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

SUBJECT: **RECOMMENDATION FOR DELEGATED AUTHORITY TO EXECUTE AGREEMENTS WITH COMMUNITY PARTNERS AND TO AMEND EXISTING DEPARTMENT OF MENTAL HEALTH LEGAL ENTITY AGREEMENTS FOR THE PROVISION OF MENTAL HEALTH SERVICES UNDER THE 1115 WAIVER DEMONSTRATION PROJECT (Board Agenda Item A-4, June 14, 2011)**

On November 2, 2010, California Department of Health Care Services (CDHCS) and Centers for Medicare and Medicaid (CMS) entered into a new 1115 Waiver Demonstration Project (Waiver), commonly known as the *California Bridge to Reform*, for a five year period, commencing November 1, 2010. The Waiver provides 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, and federal matching funds for various State-only funded programs.

The health care coverage expansion portion of the Waiver provides the framework for federal Health Care Reform in 2014, through its establishment of the Low Income Health Plan (LIHP) which includes Medicaid Coverage Expansion (MCE). MCE is not subject to a federal funding cap and provides a broader range of health care services to its enrollees who are adults, ages 19-64, with incomes at or below 133% of the Federal Poverty Level (FPL) and who meet citizenship or legal residence requirements. As stipulated by the Waiver, behavioral health services must be integrated into this broader range; these enrollees must receive an evidence-based benefit package of mental health services in community-based settings with an emphasis on prevention and early intervention.

The current mechanism for MCE in Los Angeles County is the "Healthy Way LA Health Care Initiative" (HWLA) Program, which is managed by the County's Department of

Health Services (DHS) through its directly operated health centers and Community Partners, previously known as Private-Public Partnership (PPP) Program.

This memo provides information on the collaboration between DHS and the Department of Mental Health (DMH) to implement the mental health services required as part of the LIHP. DMH is offering the Community Partners that meet minimum qualifications the option to enter into direct contracts with the DMH to implement the Mental Health Integration Program (MHIP) model in their primary care settings. The MHIP is an evidence-based practice that is intended to identify and treat adults who are experiencing moderate psychiatric symptoms and streamline access to treatment in order to return to a functional state. To distinguish from the traditional services to clients with serious, chronic and/or persistent mental illness referred as "Tier 1", DMH refers to services provided to clients experiencing moderate psychiatric symptoms as "Tier 2".

If a Community Partner chooses not to enter into a direct contract with DMH or does not meet the minimum qualifications, that Community Partner is required, through the DHS agreement, to partner with and make referrals to a DMH directly operated agency or an existing DMH Legal Entity (LE) Contractor that will provide the required Tier 2 mental health services to the HWLA enrollees. This will necessitate amendments to DMH's existing agreements with participating LE Contractors to provide these services.

BEHAVIORAL/MENTAL AND PHYSICAL HEALTH SERVICES INTEGRATION

A key component of the Waiver is reforming the health care delivery system, focusing on innovation and redesign to expand primary care through the creation of the Patient-Centered Medical Home model, which integrates behavioral/mental health and primary care services. Many individuals currently receive limited mental health services from internists and family medicine practitioners in a primary care setting. Frequently, these services are solely for medication consultation and management. Under MCE, infrastructure development is therefore necessary to increase the primary care capacity to serve MCE enrollees. As such, DMH proposes both an expansion and enhancement of mental health services at primary care locations, which includes the provision of evidence-based, short-term treatment by co-located mental health clinicians from LE Contractors as well as staff hired by the Community Partners.

This integration is intended to facilitate a system shift from episodic to continuous care for eligible patients/clients as well as provide primary care service enhancements. In order to develop a program for HWLA enrollees seen in primary care settings who may benefit from early intervention, short-term treatment, DMH has identified the MHIP, an evidence-based treatment program, to be best suited to address the needs of individuals seen in primary care settings as part of Tier 2 services.

To support this initiative, DMH will utilize Mental Health Services Act (MHSA) Prevention and Early Intervention Program (PEI) funding to match the Federal Demonstration funds to pay for these services. DMH will also use this funding to compensate Community Partners and its LE Contractors for training and other related activities that are required to implement the MHIP model. Community Partners and the LE Contractors are required to complete the MHIP training in order to provide Tier 2 services.

Under the proposed agreements, Community Partners will provide specialty mental health services to HWLA beneficiaries and receive compensation for one visit per patient per day at either the Medicare Prospective Payment System (PPS) Rate for Federally Qualified Health Centers (FQHC) or $109.00 for non-FQHCs.

Community Partners that will not have direct contracts with DMH will partner with DMH LE Contractors or a DMH directly operated agency that will provide Tier 2 services for HWLA beneficiaries. These LE Contractors and DMH directly operated agencies are also expected to provide Tier 1 services to the HWLA beneficiaries when necessary.

RECOMMENDATIONS

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

1. Prepare, sign, and execute agreements with interested Community Partners, effective July 1, 2011 through December 31, 2014 with a provision for a 18-month automatic renewal period through June 30, 2016 in anticipation of Federal Health Care Reform statutes, with an annual estimated maximum amount totaling $9.3 million for all agreements to serve approximately 10,320 HWLA beneficiaries throughout the County, funded with 50 percent Federal Demonstration and 50 percent PEI match funds.

2. Prepare, sign, and execute amendments to the agreements with Community Partners provided that: 1) any revision is used to provide additional services or training, or to reflect program and/or policy changes; 2) your Board has appropriated sufficient funds for all changes; 3) approval by County Counsel, or designee, is obtained prior to any such amendments; and 4) the Director, or designee, notifies your Board and the Chief Executive Officer (CEO) of changes in writing within 30 days after execution of each amendment.

3. Prepare, sign, and execute agreements with other qualified Community Partners, and amendments to the new agreements, provided that: 1) your Board has

appropriated sufficient funds for new agreements and all changes; 2) any revision is used to provide additional services or training, or to reflect program and/or policy changes; 3) approval by County Counsel, or designee, is obtained prior to any such new agreements and/or amendments; and 4) the Director, or designee, notifies your Board and the CEO of new agreement and/or changes in writing within 30 days after execution of each new agreement and/or amendment.

4. Prepare, sign, and execute an amendment to existing DMH LE Agreements with contract agencies for FY 2010-11 to enable clinical and direct-service personnel to be trained on MHIP for Tier 2 mental health delivery purposes in preparation of the 1115 Waiver Demonstration Project implementation on July 1, 2011. These amendments will be effective upon Board's approval, and will be funded by PEI funding not to exceed $100,000.

5. Prepare, sign, and execute amendments to existing agreements with qualified DMH LE providers collaborating with Community Partners for the purpose of providing Tier 2 mental health services and expanding Tier 1 mental health services for HWLA beneficiaries provided that: 1) the County's total payments to a Contractor under each LE Agreement do not exceed a 20 percent increase from the applicable Board-approved annual Maximum Contract Amount (MCA); 2) any such increase is used to provide additional services and training or to reflect program and/or policy changes; 3) your Board has appropriated sufficient funds for all changes; 4) approval by County Counsel, or designee, is obtained prior to any such amendment; 5) County and Contractor may, by written amendments, reduce services and revise the applicable MCA; and 6) the Director, or designee, notifies your Board and the CEO of Agreement changes in writing within 30 days after execution of each amendment.

If you have any questions or need additional information, please contact me or your staff may contact Robin Kay, Ph.D., Chief Deputy Director, at (213) 738-4108.

MJS:RK:KK:sk

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