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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.

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September 20, 2011

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 FOR THE DEPARTMENTS OF HEALTH SERVICES AND MENTAL HEALTH TO OFFER HEALTHY WAY L.A. AGREEMENTS TO RYAN WHITE HIV MEDICAL OUTPATIENT PROVIDERS AND TO AMEND EXISTING HEALTHY WAY L.A. AGREEMENTS REQUIRED FOR THE CALIFORNIA 1115 WAIVER AND FOR THE DEPARTMENT OF PUBLIC HEALTH TO AMEND EXISTING RYAN WHITE OUTPATIENT MEDICAL SERVICES AGREEMENTS TO ENSURE COORDINATION WITH THE HEALTHY WAY L.A. PROGRAM (*Board Agenda Item A-4, September 20, 2011*)**

On November 2, 2010, California Department of Health Services (CDHS) and Centers for Medicare and Medicaid (CMS) entered into a new 1115 Waiver (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% 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 memo requests your Board's approval of recommendations of delegated authority to offer and execute new Healthy Way LA agreements for the Matched Program to seven community HIV medical outpatient providers with existing contracts as part of the Department of Public Health (DPH) Division of HIV and STD Programs' (DHSP) Ryan White outpatient medical services network, and to

amend existing Healthy Way L.A. Matched agreements as needed to transition HIV patients from the Ryan White program to Healthy Way L.A.

DHS Healthy Way L.A. Agreements

On June 14, 2011, your Board approved recommendations to approve and authorize the Director of Health Services to execute superseding agreements for the Healthy Way LA Health Care Initiative Program to implement the MCE component of the Low Income Health Program (LIHP), as part of the California 1115 Waiver. These agreements replaced existing Healthy Way LA and Public Private Partnership agreements and were effective July 1, 2011.

Over the past month, there has been ongoing discussion among the State, the LIHP counties, and the federal agencies, CMS and the Health Resources and Services Administration (HRSA), to determine whether LIHP-eligible persons with HIV must enroll in the LIHP, rather than receiving their medical care through the Ryan White Part A program and thereby receiving their pharmaceuticals through the State and Ryan White-funded AIDS Drug Assistance Program (ADAP). HRSA and CMS have now confirmed that Ryan White funding is funding of "last resort" and thus have determined that HIV patients who are LIHP eligible must enroll in the LIHP to receive federal funding for their LIHP covered services, including pharmaceuticals.

Over the past 20 years, the Department of Public Health (DPH) has developed and funded the Ryan White system of care, working within the priorities of the Commission on HIV, the Ryan White planning council for the County. This system of care includes County facilities and community agencies. Many of these community agencies are also Community Partners (CPs) under the HWLA agreements, but some are not. The full list of Ryan White providers is on Attachment A, broken down by those who are Community Partners and the seven additional who are not.

DHSP estimates that as many as 5,000 of the 15,500 Ryan White clients receiving medical care are eligible for the HWLA-Matched program. DHS, DHSP, and the Department of Mental Health (DMH) have held two HIV provider meetings in order to determine what is needed in order to transition this volume of patients from Ryan White to HWLA, while assuring continuity of care.

Although the HWLA network already includes a significant percentage of the Ryan White providers, agreements with the other providers are recommended for two reasons, 1) continuity of care for the patients (so they will not have to change providers); and 2) ensuring adequate capacity for HIV patients in the LIHP, which will help to ensure that the County complies with its obligations under the Waiver.

In addition to bringing these providers into HWLA, two key issues must be addressed. ADAP clients have been able to get their prescriptions filled at ADAP-contracted retail pharmacies, including ADAP-contracted pharmacies located within onsite HIV provider clinics. In some of the larger HIV provider clinics, these onsite pharmacies serve as the primary source of patient

medication dispensing. In order to maintain the ability of the HIV community providers to dispense these drugs onsite, a pharmacist dispensing fee must be reimbursed. If DHS provides a dispensing fee for HIV pharmacy medications, we will need to extend it to all HWLA prescriptions for legend drugs dispensed by a licensed pharmacy, and add this fee into the clinic reimbursement portion of the HWLA agreement. The second issue concerns specialty care for HIV patients. The Ryan White network has funded specialty care with a panel of private providers identified over the years. In order to assure the continuity of specialty care for the HIV patients, the DPH Ryan White medical outpatient agreements will be amended so that DHS will be billed for and will pay the specialty care visits of HWLA enrollees. This will assure the continuity of care for current Ryan White patients who are HWLA eligible..

Further, using authority already delegated by your Board to incorporate any changes required by the State and/or federal governments, DHS also will modify all Matched Program agreements to include the treatment of HIV as an allowable service. That service currently is excluded. Therefore, all existing providers as well as the additional seven will be permitted to provide this service.

DPH Ryan White Agreements

DHS and DPH will work closely with the current Ryan White medical outpatient providers to ensure that the full complement of services currently available to Ryan White clients remains intact and to mitigate challenges that clients may face in making the transition from their current service delivery model to HWLA. DHSP will work with individual Ryan White medical outpatient providers to amend scopes of work in a manner that maximizes the delivery of medical care linkage, navigation and coordination services in addition to medical services that will assist clients in transitioning to HWLA.

The most efficient strategy to align payment structures across the spectrum of HWLA and the Ryan White program is through the completion of the Medical Services Request for Proposals that was issued by DHSP in March 2010. DHSP will have new agreements on the Board agenda by January 1, 2012. The shift to fee-for-service will align Ryan White and HWLA reimbursement methods and allow for better tracking of clients and proper enrollment in the system for which each client is eligible, maximizing the opportunity for the Ryan White system to cover costs that might otherwise be borne by HWLA.

In the meantime, DHSP is requesting delegated authority to make adjustments to existing Ryan White Medical Outpatient agreements to maximize the delivery of medical care linkage, navigation, and coordination of services that will assist clients in transitioning to HWLA and to assure the continuation of specialty care for those transitioning to HWLA.

DMH Healthy Way L.A. Agreements

Although DMH previously received Board delegated authority to enter into HWLA mental health service agreements with CPs under contract with DHS, DMH does not have the authority to

enter into agreements with other Ryan White providers. Thus, delegated authority for this is recommended.

Funding

The decision that certain Ryan White clients must migrate to the LIHP has significant funding challenges for the County, mostly in pharmaceutical costs. The current estimate is that ADAP drugs for this group of clients in L.A. County approximates $66 million per year, and the County will have to bear half of that cost. This is a major cost shift from the State to the County. The medical outpatient services funded through these agreements are, by comparison, a relatively small part of the total cost.

County staff have been working with the State and the City/County of San Francisco on a Waiver amendment proposal which would provide some milestone-based funding to all LIHP counties to help them transition this HIV population from Ryan White to LIHP and then to Medi-Cal in 2014. DHS also intends to work with the CEO and County Counsel to determine if any means exist by which DHS may minimize this financial impact.

RECOMMENDATIONS

It is recommended that your Board:

1. Delegate authority to the Director of Health Services, or his designee, to:
    a. Offer and execute amendments to all existing Healthy Way L.A. agreements for the Matched Program to include dispensing fee for legend prescriptions filled at licensed pharmacies, at a cost not to exceed $9.00 per prescription, effective October 1, 2011, and
    b. Offer and execute new Healthy Way LA agreements for the Matched Program to seven community HIV providers not currently in the Healthy Way L.A. program, as listed on Attachment A, effective October 1, 2011, with the agreements to be substantially similar to those previously approved by your Board, and to include the pharmacy dispensing fee, not to exceed $9 per prescription.
2. Delegate authority to the Director of Public Health or his designee, to amend existing Ryan White medical outpatient agreements in a manner that maximizes the delivery of medical care linkage, navigation, and coordination of services that will assist clients in transitioning to HWLA and to assure the continuation of specialty care for those transitioning to HWLA.
3. Delegate authority to the Director of Mental Health or his designee to:
    a. Offer and execute amendments to existing Healthy Way L.A. Agreements for the Matched Program for specialty mental health services as specified under the LIHP with agencies providing Ryan White Care Act Medical Outpatient services and
    b. Offer and execute new Healthy Way L.A. Matched Program agreements for specialty mental health services as specified under the LIHP to existing Ryan White providers which do not already have Healthy Way L.A. Agreements.

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

MHK:JFS:jp

Attachment

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Mental Health
Public Health
Commission on HIV

Attachment A

Ryan White Providers in HWLA Network

Community Providers

AltaMed Health Services Corporation
Catalyst Foundation
East Valley Community Health Center
El Proyecto del Barrio
Northeast Valley Health Corporation
T.H.E. Clinic
Tarzana Treatment Centers
Valley Community Clinic
Watts Healthcare Corporation

County Providers

Harbor-UCLA
High Desert MACC
Humphrey Comp. Health Center
LAC/USC (including Rand Schrader, Maternal Child Adolescent, and Weingart Clinics)
Long Beach Comp. Health Center
MLK MACC Oasis Clinic
Olive View-UCLA

Ryan White Providers Not in HWLA Network

AIDS Healthcare Foundation
Childrens Hospital LA
City of Long Beach
City of Pasadena
LA Gay and Lesbian Center
Miller Memorial Childrens Hospital
St. Mary's Medical Center