Health Services
LOS ANGELES COUNTY

**Los Angeles County Board of Supervisors**

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Chief Deputy 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.*

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September 30, 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 of Health Services

SUBJECT: **NOTIFICATION OF DEPARTMENT OF HEALTH SERVICES' USE OF DELEGATED AUTHORITY TO EXECUTE NEW HEALTHY WAY LA AGREEMENTS WITH RYAN WHITE HIV MEDICAL OUTPATIENT PROVIDERS AND AMENDMENTS TO AGREEMENTS WITH EXISTING HEALTHY WAY LA PROVIDERS**

This is to advise your Board that the Department of Health Services is exercising its authority previously delegated by your Board on June 14, 2011 (Attachment I) to incorporate any changes required by the State and/or federal governments, and authority delegated on September 20, 2011 (Attachment II), to execute seven new Healthy Way LA (HWLA) agreements for the Matched Program with community HIV medical outpatient providers not currently in the HWLA program, effective October 1, 2011, and execute amendments to all existing HWLA agreements for the Matched Program, effective October 1, 2011, to include the treatment of HIV as an allowable service.

The amendments to the HWLA agreements will add HIV procedures as reimbursable under the HWLA-Matched Program, and will add a pharmacy dispensing fee for prescriptions filled at licensed pharmacies at a cost not to exceed $9.00 per prescription. The new agreements with community HIV medical outpatient providers will be substantially similar to those previously approved by your Board, and will include HIV procedures as reimbursable under the HWLA-Matched Program and the pharmacy dispensing fee, not to exceed $9.00 per prescription. New HWLA agreements will be effective October 1, 2011. Agreements for Providers that wish to delay execution will be effective when they sign.

County Counsel the Chief Executive Office have reviewed and approved the agreement and amendment formats as to form.

If you have any questions or require additional information, please let me know.

MHK:ps

Attachments

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

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June 14, 2011

REVISED

**ADOPTED**
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#24 JUNE 14, 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**HEALTHY WAY LA COMMUNITY PARTNER AGREEMENTS FOR THE HEALTHY WAY LA HEALTH CARE INITIATIVE IMPLEMENTING THE LOW INCOME HEALTH PROGRAM AS PART OF CALIFORNIA 1115 WAIVER IN LOS ANGELES COUNTY (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)**

## SUBJECT

Approval of superseding agreements for the Healthy Way LA Health Care Initiative Program to implement the Low Income Health Program , as part of the California 1115 Waiver, replacing existing Healthy Way LA and Public Private Partnership agreements.

## IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and authorize the Director of Health Services (Director), or his designee, to execute superseding agreements with current Healthy Way LA (HWLA) and Public Private Partnership (PPP) Community Partners, listed in Attachment A, to: (a) implement the Medicaid Coverage Expansion, under the HWLA Matched Program, as part of the State's Low Income Health Program (LIHP) under the new California 1115 Waiver; (b) extend the PPP Program, under the HWLA Unmatched Program, effective July 1, 2011 through June 30, 2012, with an automatic renewal for an eighteen month period through December 31, 2013; and, (c) extend the South Los Angeles Medical Services Preservation funding in Service Planning Area (SPA) 6 for expanded urgent care services, effective July 1, 2011 through June 30, 2012, with automatic renewal through December 31, 2013, or until 90 days after the new Martin Luther King Jr. Hospital (MLK Hospital) is certified by the federal Centers for Medicare and Medicaid Services (CMS). The maximum obligation for the HWLA Unmatched Program for the period July 1, 2011 through June 30, 2012 is $56,549,490. The

maximum obligation for the HWLA Unmatched Program component for the period July 1, 2012 through December 31, 2013 is $84,824,235. The HWLA Matched Program component does not have a maximum obligation as required under the terms of the 1115 Waiver terms and conditions.

2. In the Unmatched (PPPs) Program Component, delegate authority to the Director to:

   a. Allocate unused funds "rolled over" from a previous Fiscal Year (FY) to existing providers, in accordance with the Allocation Methodology previously approved by your Board, beginning with County FY 2011-12, up to the original County maximum obligation for each agreement, on a one-time only basis for each FY that the agreements are in effect, on condition that the Director conducts a Request for Information process prior to each adjustment and on further condition that the amendment is approved prior to execution by County Counsel, and the Director provides notice to the Chief Executive Office (CEO) and,

   b. Transfer funds for each Community Partner, upon request of the Partner, within a SPA once per FY that the Agreements are in effect, with such transfer of funds to occur between service sites and/or between the primary and specialty care service categories, on condition that the amendment is approved prior to execution by County Counsel, and the Director provides notice to the CEO; and,

   c. Transfer funds for each Community Partner, upon the Partner demonstrating a compelling justification, between SPAs and within the same service category and between SPAs and between Community Partner's primary and specialty care service categories, one time per each FY that the Partner's agreement is in effect, with the transfer not to exceed 10 percent of the contract sum for that FY, on condition that the amendment is approved prior to execution by County Counsel, and the Director provides notice to the CEO; and,

   d. Increase or decrease the maximum obligation of each agreement, beginning with County FY 2011-12, up to the original County maximum obligation for each agreement, on a one-time only basis for each FY that the agreements are in effect, on condition that the Director conducts a Request for Information process prior to each adjustment and on further condition that the amendment is approved prior to execution by County Counsel, and the Director provides notice to the CEO.

3. In the Matched Program component, delegate authority for the Director to:

   a. Increase or decrease the Medi-Cal Prospective Payment System (PPS) Rate paid under each agreement in the event that a Community Partner's Medi-Cal PPS Rate is either increased or decreased by action of the State at any time during the term of the Agreements, so that the rate paid under each agreement coincides with the rate set by the State, on condition that the amendment is approved prior to execution by County Counsel, and the Director provides notice to the CEO;

   b. To adjust the rate paid to a Community Partner which loses or gains Federally Qualified Health Centers (FQHC) or FQHC Look-alike status during the term of the Agreements so that, in the case of loss of such status, the rate accords with that set forth for Non-FQHC Community Partners and, in the case of the gain of such status, the rate accords with the Medi-Cal PPS Rate established by the State, with any adjustment to be effective as of the date that Community Partner's status changes, on condition that the amendment is approved prior to execution by County Counsel, and the Director provides notice to the CEO.

4. Delegate authority to the Director to modify the Agreements as to the Matched Program component to incorporate any changes required by either the State or CMS and, as to the Unmatched Program, to incorporate those changes to the extent that they are necessary to ensure consistency between the Program components and the Agreements, on condition that the amendment is approved prior to execution by the County's CEO and County Counsel, and the Director provides notice of such changes to your Board.

## PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

On November 2, 2010, the California Department of Health Care Services (DHCS) and 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, also known as a Demonstration Project, provides the framework to move to federal Health Care Reform in 2014. The Waiver will provide health care coverage expansion, continued funding of public hospitals' uncompensated costs, new funding for delivery system improvements at public hospitals, and require transition to Medi-Cal Managed Care for Seniors and Persons with Disabilities.

On December 14, 2010, your Board authorized the Director, acting on behalf of the County, to participate in the new California 1115 Waiver and its LIHP, and to submit all documents necessary to implement its intent to participate. Your Board also authorized the Director to expand HWLA in accordance with the Waiver's terms. DHS submitted its

LIHP application to DHCS on February 14, 2011 and received initial approval on April 12, 2011.

Recommendation Number 1:

A crucial component of meeting the primary care access requirements of the Waiver will be through the County's Community Partners, formerly known as the Public Private Partners. Approval of the recommended superseding agreements, substantially similar to Exhibit I, with the Community Partners will enable DHS to be ready for the HWLA expansion, effective July 1, 2011.

Since 1996, the County has had agreements with the Community Partners for the PPP Program. In 2008, the HWLA program was created, and although implemented in conjunction with a subset of the PPP contractors, the program has separate agreements. Going forward, we have chosen to combine the PPP and HWLA agreements into a single agreement with two re-named components, HWLA Matched (matched by federal funding) and HWLA Unmatched. Although DHS has chosen to designate this component as "Unmatched", it should be noted that some costs associated with this component may be partially matched by Safety Net Care Pool funds. All contractors will be required to participate in HWLA Matched Program component.

Recommendation Number 2:

Approval of the delegations requested in the Unmatched Program will permit DHS to respond to the individual financial needs of each Community Partner, ensuring that each Partner is able to maximize its allocated funds to the fullest extent possible in each FY, and also will permit DHS to ensure that funds across the Unmatched Program also are used to their fullest extent.

These delegations are necessary as neither DHS nor the Community Partners can determine with complete accuracy the service demands that will arise in a FY either as to a particular service site or as to a particular category of service. Accordingly, these delegations will permit both DHS and the Community Partner to respond to rapidly to changing needs over the course of each FY. DHS will ensure that all funding reallocations and transfers are in accordance with the Allocation Methodology as applicable.

Recommendation Number 3:

DHCS is responsible for setting and adjusting each Community Partner's Medi-Cal PPS Rate. Under the terms and conditions of the Waiver, the County must reimburse its FQHC and FQHC Look-alike Partners at the PPS Rate as it is currently set or may be

adjusted. Accordingly, the Director requires delegated authority to adjust each FQHC and FQHC Look-alike Partner's PPS rate to respond to State adjustments.

Likewise, the County's obligation to pay the PPS Rate flows from the status of each Community Partner. Therefore, if a Partner either gains or loses FQHC or FQHC Look-alike status during the term of the Agreements, the Director requires the ability to respond to those changes and to adjust the rate paid to a Partner. In this way, Partners who must receive the Medi-Cal PPS Rate under the terms of the Waiver will receive that rate and, conversely, those who no longer qualify for that enhanced rate will have their rates adjusted.

Recommendation Number 4:

At this time, both the State and CMS are finalizing many aspects of the Waiver's implementation. Further, the State has yet to produce the agreement that it will require with the counties in order to implement the Waiver at the local level. Finally, many changes and requirements implemented thus far have been on short notice.

Given these facts, DHS anticipates that, in the coming months, both the State and CMS may reach understandings as to Waiver implementation that will impact the Community Partner Agreements such that those Agreements will need to be amended, perhaps on short notice. This delegation will permit the Director to incorporate changes required by the State or CMS.

**Implementation of Strategic Plan Goals**

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

**FISCAL IMPACT/FINANCING**

Matched Program Payment Structure

The Matched Program component of the agreements will not have maximum obligations, in order to comply with requirements of the Waiver, for patient access. Capping maximum expenditures effectively caps access for Matched Program Patients, which is counter to the terms and conditions of the Waiver. However, for budgetary planning, each Community Partner's agreement contains estimated Matched Program expenditures for each period.

Primary and Specialty Care:

For Community Partners which are FQHC or FQHC-Look-alikes, payment for primary care visits will be reimbursed at each clinic's Medi-Cal PPS Rate or $109 per visit, whichever is greater.

As to Specialty Care, for Community Partners with on-site specialty care, they will be reimbursed at each clinic's PPS Rate or $109 per visit, whichever is greater. For Community Partners that refer patients to off-site specialty care providers, reimbursement will be at the applicable Medicare Rate for the specialty service provided by the off-site provider.

For Community Partners which are not FQHC's, reimbursement for both primary and specialty care visits will be at $109 per visit.

Pharmaceuticals:

For all Community Partners, pharmaceuticals will be reimbursed at the 340B drug acquisition cost through June 2012. Because of the complicated nature of the Medi-Cal PPS Rate, for FQHC and FQHC Look-alikes, the contract will allow for reimbursement if these providers certify, an on annual basis, that reimbursement for pharmaceuticals is not included in their PPS rate. The County will have the right to disallow any claims if the certification proves inaccurate, and the Partners have agreed to indemnify and hold the County harmless for the submission of their claims to the State and federal governments if those claims later are found inaccurate. Finally, DHS, in conjunction with its Partners, will explore alternative payment mechanisms as well as the different means by which the County may be able to assist its Partners in obtaining pharmaceuticals in advance of the June 2012 date for the termination of pharmacy reimbursement.

Laboratory and Radiology:

For all Community Partners, reimbursement for laboratory and radiology services will be at the lesser of actual cost or the Medi-Cal rate. Again, for FQHC and FQHC Look-alikes, the contract will allow for reimbursement if these providers certify, on an annual basis, that reimbursement for these services is not included in their PPS rate. The County will have the right to disallow any claims if the certification proves inaccurate, and the Partners have agreed to indemnify and hold the County harmless for the submission of their claims to the State and federal governments if those claims later are found inaccurate.

Unmatched Program Payment Structure

The Unmatched Program component of the agreements will have maximum obligations for each provider for each category of services and time period. The total Unmatched Program maximum obligation for all providers for the period July 1, 2011 through June 30, 2012 is $56,549,490 [consisting of $15,509,000 Tobacco Settlement Funds and $41,040,490 Net Cost (NC)] . The total Un-matched Program maximum obligation for the period July 1, 2012 through June 30, 2013 is $56,549,490 (consisting of $15,509,000 Tobacco Settlement Funds and $41,040,490 NC). The total Un-Matched Program maximum obligation for the period July 1, 2013 through December 31, 2013 is $28,274,745 (consisting of $28,274,745 NC).

Reimbursement for all services provided is structured as follows:

Primary, Dental and Specialty Care:

Primary care visits will be reimbursed at $94 per visit, inclusive of pharmaceuticals and ancillary services, including radiology and laboratory. Dental visits will be reimbursed according to Denti-Cal guidelines and will be limited to specific procedures listed under the Agreement. Specialty care services also will be limited to specified visit codes/ procedures listed in the Agreement and will be reimbursed at applicable Medi-Cal rates for each procedure.

Pharmaceuticals:

Pharmaceuticals required for dental and specialty care will be reimbursed at the 340B drug acquisition cost through June 2012. Again, DHS, in conjunction with its Partners, will explore alternative payment mechanisms as well as the different means by which the County may be able to assist its Partners in obtaining pharmaceuticals in advance of the June 2012 date for the termination of pharmacy reimbursement.

Ancillary Services:

For Specialty Care providers only, reimbursement for laboratory and radiology will be at the applicable Medi-Cal Rate.

Funding for these agreements is in the DHS 2011-12 Recommended Budget. DHS will monitor the growth of the HWLA-Matched component of the HWLA Program and consult with the CEO during the year to determine the need for mid-year appropriation adjustments.

## FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Since 1996, the County has had agreements with the Community Partners under the PPP Program. The current set of PPP agreements was approved by your Board on June 15, 2010, when superseding agreements were approved with 54 PPP Program Strategic and Traditional Partners, effective July 1, 2009, with automatic renewal through June 30, 2012. These agreements will be superseded by the proposed new superseding agreement.

On February 6, 2008, your Board approved amendments to the PPP agreements with providers in SPA 6, for the provision of expanded access to urgent care services, funded by the South Los Angeles Medical Services Preservation Fund, established by Senate Bill (SB) 474. These services continued in the subsequent amendments of the PPP agreements and will continue in the proposed superseding agreements. Although funding for these services is now included in the Waiver, DHS elected to maintain a separate reimbursement category for these services to permit tracking of the funding and to permit early termination of the services in the event that the facility that will replace the County's former MLK-Harbor Hospital opens during the term of these Agreements.

In August, 2005, the California Department of Health Services (CDHS), now called DHCS, and CMS entered into a five year, Section 1115 Medi-Cal Hospital/Uninsured Care Demonstration Project. Under that project, CDHS made available to certain counties, including Los Angeles County, federal funds for the expansion of health care coverage to single adults who had incomes of up to 200 percent of FPL through the Health Care Coverage Initiative.

In April, 2007, DHS, acting on behalf of the County, secured $54 million per year for three years to fund its former HWLA Health Care Initiative Program. DHS implemented this program at its directly operated facilities as well as through a number of its PPP providers. On February 12, 2008, your Board approved 32 HWLA agreements, 31 of which were executed. Three additional agreements were approved by your Board on November 3, 2009. On June 9, 2010, the 34 agreements were amended, extending them through June 30, 2012. Subsequently, three more agreements were executed under delegated authority. These 37 agreements will also be superseded by the proposed new superseding agreement.

On January 12, 2010, your Board approved agreements with new and existing PPP provider agencies for the period January 1, 2010 through December 31, 2012, to expand clinic capacity for the PPP Program to new and existing sites. These Community Clinic Expansion Program (CCEP) agreements will not be affected by this Board action. Community partners will be encouraged to enroll eligible CCEP patients

into the HWLA Matched component, giving them more capacity for new Unmatched Program component clients.

**CONTRACTING PROCESS**

Existing PPP contractors, both Strategic and Traditional Partners, were selected as a result of the May 2006 Request for Proposals (RFP) for PPP Primary Care, Dental Care and Specialty Care Services.

In 2008, PPP Strategic Partners were offered a HWLA agreement and 34 PPP Strategic Partners have current agreements. The terms of the new California 1115 Waiver's LIHP require the County to include at least one FQHC in its network. As one of the 10 existing Coverage Initiative counties, where current HWLA enrollees will be "grand-fathered" into the new program, it makes most sense to build on the existing PPP and HWLA agreements. A condition of the proposed superseding agreements is that all existing PPP providers participate in the HWLA Matched Program.

It should be noted that some standard County contract provisions were altered during negotiations. First, the Community Partners asked that the County extend mutual indemnification. DHS, in consultation with the CEO, determined that this change would be appropriate since the Community Partners and DHS will share responsibility for providing health care to many HWLA patients such that both parties may bear risk for acts or omissions committed by the other party.

Second, the Partners asked that the County modify its standard provision concerning immediate termination for material breach of contract. To that end, the Partners asked that the contract define "material breach," that the right to terminate be extended to them as well as to the County, and that a "cure" period be added to enable the parties to meet and confer to remediate a breach prior to any termination. The provision was modified to meet these requests. However, the County maintains the right to terminate if discussions cannot cure the breach. Any termination recommendation by DHS would be brought to your Board.

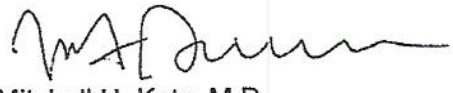
As the program grows between now and January 1, 2014, when DHS anticipates that all HWLA enrollees will be transitioned into Medi-Cal, DHS expects to propose expansion of the HWLA Matched Program network. DHS intends to undertake a solicitation to determine if any FQHCs or FQHC Look-alikes, which are not HWLA Program Partners have an interest in a HWLA Matched Program agreement. Second, DHS intends to determine the interest of non-FQHC community clinics in becoming a HWLA Matched Program Community Partner. DHS will not propose this expansion immediately because a necessary pre-condition to expansion is success in implementing a new referral system and returning HWLA Program patients to Community Partners for

primary care after they are seen in a DHS facility. DHS requires additional time to meet these conditions before it attempts to expand its Community Partner pool.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommendations will ensure that DHS is able to meet the most time sensitive requirements of the 1115 Waiver.

Respectfully submitted,



Mitchell H. Katz, M.D.
Director

MHK:JS

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

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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