Health Services
LOS ANGELES COUNTY

August 6, 2012

Los Angeles County Board of Supervisors

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Deputy Director, Strategic Planning

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

www.dhs.lacounty.gov

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: Each Supervisor

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

SUBJECT: **DEPARTMENT OF HEALTH SERVICES' USE OF DELEGATED AUTHORITY TO EXECUTE AGREEMENTS WITH THE CALIFORNIA STATE DEPARTMENT OF HEALTH CARE SERVICES, HEALTH NET COMMUNITY SOLUTIONS, INC. AND THE LOCAL INITIATIVE HEALTH AUTHORITY FOR LOS ANGELES COUNTY TO RECEIVE SUPPLEMENTAL MEDI-CAL MANAGED CARE CAPITATION RATE RANGE INCREASES**

This is to advise that the Department of Health Services (DHS) has exercised its delegated authority, approved by your the Board on April 24, 2012, to execute funding agreements with the California Department of Health Care Services (DHCS) and also to amend existing service agreements with Health Net Community Solutions, Inc. (Health Net) and Local Initiative Health Authority (L.A. Care) to provide for the Intergovernmental Transfer Medi-Cal Managed Care Capitation Rate Range Increases (IGT MMCRRs).

The authority delegated to the Department allowed DHS to execute agreements with the DHCS to make intergovernmental transfers to draw down additional federal revenues to fund IGT MMCRRs through the Department's agreements with Health Net and L.A. Care plans.

We recently obtained the fully executed agreements from the DHCS and payment amounts of approximately $40.590 million and $92.602 million from Health Net and L.A. Care, respectively, are expected to be received during Fiscal Year 2012-13. These revenues were included in the June 19, 2012 Fiscal Outlook and will be accrued in the Fiscal Year 2011-12 closing numbers.

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

MHK:ANW:hr

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

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