



JONATHAN E. FIELDING, M.D., M.P.H.
Director and Health Officer

CYNTHIA A. HARDING, M.P.H.
Chief Deputy Director

313 North Figueroa Street, Room 806
Los Angeles, California 90012
TEL (213) 240-8117 • FAX (213) 975-1273
www.publichealth.lacounty.gov

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December 20, 2012

TO: Each Supervisor

FROM: Jonathan E. Fielding, M.D., M.P.H.
Director and Health Officer

SUBJECT: **NOTIFICATION OF THE USE OF DELEGATED AUTHORITY TO AMEND FIVE CONTRACTS FOR THE PROVISION OF DRUG/MEDI-CAL SERVICES**

This is to notify you that I am exercising the delegated authority approved by your Board on June 7, 2011, to execute amendments to Drug/Medi-Cal (DMC) agreements that increase or decrease the contractual maximum obligations, pursuant to the federal ruling of Sobky v. Smoley, subject to review and approval by County Counsel, and notification to your Board and the Chief Executive Office.

Pursuant to both State legislation and the federal ruling of Sobky v. Smoley, counties are required to enter into agreements with all State-certified DMC service providers who request service contracts and who demonstrate the ability to comply with all local requirements. Moreover, when these agencies request additional funds necessary to provide services to persons eligible for DMC program services, counties are required to amend the DMC agreements to reflect the additional services and funding. Under the federal ruling, counties have no basis to deny reimbursement for services if the contractor is in full compliance with contractual requirements.

Under the delegated authority referenced above, I will execute five DMC amendments as identified in Attachment A, for the term July 1, 2012 through June 30, 2014, which includes a rate adjustment for fiscal years 2012-13 and 2013-14; 100 percent offset by State Realignment revenues as authorized under Assembly Bill 118 and federal Medicaid matching funds.

County Counsel has reviewed and approved the amendments as to form and this delegated authority action.

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

JEF:yl
#02511

Attachment A

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

**DEPARTMENT OF PUBLIC HEALTH
DRUG/MEDI-CAL SERVICES
DELEGATED AUTHORITY AMENDMENT ACTIONS**

AGREEMENT #	CONTRACTOR	ANNUAL FUNDING INCREASE	ANNUAL OBLIGATION		TOTAL MAXIMUM OBLIGATION		IMPACTED SERVICE(S)
			FROM	TO	FROM	TO	
1. PH-001768-3	2 nd Chance For Recovery, Inc.	\$526,000*	\$100,000	\$626,000	\$300,000	\$1,352,000	Provide additional Outpatient Drug Free Services and additional Day Care Habilitative Services
2. PH-001770-2	Southland Outpatient Recovery Center	\$630,000*	\$320,000	\$950,000	\$960,000	\$2,220,000	Provide additional Day Care Habilitative Services
3. PH-001805-2	Community Alcohol and Drug Treatment Foundation	\$250,000*	\$2,600,000	\$2,850,000	\$7,800,000	\$8,300,000	Provide additional Outpatient Drug Free Services and additional Day Care Habilitative Services
4. PH-002124-1	California Hispanic Commission On Alcohol And Drug Abuse, Inc.	\$200,000*	\$200,000	\$400,000	\$600,000	\$1,000,000	Provide additional Outpatient Drug Free Services
5. PH-001794-2	California Care Corporation	\$85,000*	\$530,000	\$615,000	\$1,590,000	\$1,760,000	Provide additional Outpatient Drug Free Services

* Reflects rate adjustments for FYs 2012/14 for all Services