



**DEPARTMENT OF MENTAL HEALTH**  
hope. recovery. wellbeing.

JONATHAN E. SHERIN, M.D., Ph.D.  
Director

Curley L. Bonds, M.D.  
Chief Deputy Director  
Clinical Operations

Gregory C. Polk, M.P.A.  
Chief Deputy Director  
Administrative Operations

June 18, 2019

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

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

37 June 18, 2019

Dear Supervisors:

  
CELIA ZAVALA  
EXECUTIVE OFFICER

**APPROVAL TO EXTEND THE TERM OF TWO SOLE SOURCE  
INDIGENT ACUTE PSYCHIATRIC INTENSIVE  
INPATIENT HOSPITAL SERVICES AGREEMENTS  
(SUPERVISORIAL DISTRICTS 4 AND 5)  
(3 VOTES)**

**SUBJECT**

Request approval to extend the term of two Indigent Acute Psychiatric Intensive Inpatient Hospital Services Agreements to provide mental health services for uninsured individuals in need of hospitalization.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Approve and authorize the Director of Mental Health (Director), or his designee, to prepare, sign and execute an amendment, substantially similar to Attachment I, to extend the term of two Indigent Acute Psychiatric Inpatient Hospital Services Agreements (Hospital Services Agreements) with College Hospital-Cerritos (College Hospital) and Aurora Charter Oak Los Angeles, LLC (Aurora Charter Oak), while the Department of Mental Health develops new contracts for the providers in the Fee-for-Service (FFS) Hospital network. The amendments will be effective July 1, 2019, through December 31, 2019, with a provision for an optional, month-to month, six-month extension period through June 30, 2020. The annual Maximum Contract Amount (MCA) for Fiscal Year 2019-20 for College Hospital is \$1,854,930, and the annual MCA for Aurora Charter Oak is \$2,782,395. The Hospital Services Agreements are fully funded by 2011 Realignment – Managed Care revenue and 2011 Realignment Assembly Bill (AB) 109 funds.

2. Delegate authority to the Director, or his designee, to prepare, sign, and execute future

amendments for College Hospital and Aurora Charter Oak, to modify the existing statement of work (SOW) or incorporate federal, State, and County regulatory and/or policy changes, provided that approval of County Counsel is obtained prior to any such amendments with a written notice to the Board.

3. Delegate authority to the Director, or his designee, to terminate the Agreements with College Hospital and Aurora Charter Oak in accordance with the Agreement termination provisions, including Termination for Convenience, upon prior written notification to the Board and CEO.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of Recommendation 1 will enable the Department of Mental Health to extend the term of the Hospital Services Agreements with College Hospital and Aurora Charter Oak to ensure uninterrupted, medically necessary acute psychiatric inpatient hospital services for these uninsured consumers, who require hospitalization under Welfare and Institutions Code (WIC) Section 5150. In addition, the Hospital Services Agreement with Aurora Charter Oak enables DMH to purchase up to three beds for youth detained under WIC Section 5585.

Approval of Recommendation 2 will allow DMH to amend the Agreements in Recommendation 1, if necessary, to modify the SOW or incorporate federal, State, and County regulatory and/or policy changes.

Approval of Recommendation 3 will allow DMH to terminate the Agreements in Recommendation 1 in accordance with the Agreement's termination provisions, including Termination for Convenience.

### **Implementation of Strategic Plan Goals**

The recommended actions support the County's Strategic Plan Goal I, Make Investments that Transform Lives via Strategy I.2 - Enhance Our Delivery of Comprehensive Interventions.

### **FISCAL IMPACT/FINANCING**

The total cost of the Agreement, including all extensions for one year, with Aurora Charter Oak is \$2,782,395, fully funded by 2011 Realignment – Managed Care and 2011 Realignment AB 109 funds.

The total cost of the Agreement, including all extensions for one year, with College Hospital is \$1,854,930, fully funded by 2011 Realignment – Managed Care revenue.

The funding for the Hospital Services Agreements are included in the FY 2019-20 Recommended Budget.

There is no net County cost impact associated with the recommended actions.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

As part of the Psychiatric Emergency Services (PES) Relief Plan approved by your Board in July

2005 to address overcrowding in the PES at County hospitals, DMH, in cooperation with the Department of Health Services, identified Service Areas (SA) 3 and 7 as strategic areas of the County where there was a critical need for additional acute care psychiatric inpatient beds for uninsured adults and sought acute inpatient psychiatric facilities willing to contract for such beds. College Hospital and Aurora Charter Oak are Lanterman-Petris-Short designated to evaluate and treat individuals detained by law enforcement agencies or DMH staff under WIC Section 5150. These hospitals have successfully provided these acute inpatient psychiatric services, and there is a continuing need for these services in SAs 3 and 7 to prevent consumers from remaining in the psychiatric emergency departments pending availability of a County inpatient psychiatric hospital bed. College Hospital is located at 10802 College Place, Cerritos, CA 90703, in Supervisorial District 4. Aurora Charter Oak is located at 1161 East Covina Boulevard, Covina, CA 91724, in Supervisorial District 5. The attached amendment format (Attachment I) has been approved as to form by County Counsel. As mandated by your Board, the Contract will be evaluated by DMH on an annual basis to ensure compliance with all contract terms and performance standards.

### **CONTRACTING PROCESS**

DMH intends to extend the term of two sole source agreements with Aurora Charter Oak and College Hospital for the provision of acute psychiatric hospital services in two critical service areas, SA 3 and SA 7, respectively.

Earlier, DMH planned to supersede all of its Fee-For-Service Medi-Cal Acute Psychiatric Inpatient Hospital Services contracts (FFS Inpatient Contracts), including those with Aurora Charter Oak and College Hospital. The reason for the need to renew the FFS Inpatient Contracts was to include a comprehensive SOW and a new programmatic design for the hospital network, which among other changes, would include a provision on acute inpatient psychiatric services to uninsured consumers. However, due to some unanticipated programmatic and contracting issues, DMH will not have the revised FFS Inpatient Contracts in place in time for July 1, 2019. The current FFS Inpatient Contracts do not expire until June 30, 2020 and thus will not be impacted unlike these two Hospital Services Agreements. At this time, DMH is seeking approval to extend the term of the two existing Hospital Services Agreements with Aurora Charter Oak and College Hospital for six months until DMH is able to finalize the new FFS Inpatient Contract.

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

Board approval of the recommended actions will allow Aurora Charter Oak and College Hospital to continue the provision of psychiatric hospitalization services in an uninterrupted and accessible manner to uninsured consumers while DMH continues the development of the new FFS Inpatient Contract designed to meet all necessary requirements for the FFS Hospital network.

The Honorable Board of Supervisors

6/18/2019

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Respectfully submitted,

A handwritten signature in black ink, appearing to read 'JES', is centered on the page.

JONATHAN E. SHERIN, M.D., Ph.D.

Director

JES:ES:SK:pd

Enclosures

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

AMENDMENT NO. 1

THIS AMENDMENT is made and entered into this 18<sup>th</sup> day of June 2019, by and between the County of Los Angeles (hereafter "County") and Hospital Services Provider (hereafter "Contractor").

WHEREAS, County and Contractor have entered into a written Agreement, dated July 1, 2016, identified as Agreement Number MH19013X and all subsequent amendments (hereafter collectively "Agreement"); and

WHEREAS, for Fiscal Year (FY) 2019-20, County and Contractor intend to amend this Agreement only as described hereunder; and

WHEREAS, on June 14, 2016, the Board of Supervisors delegated authority to the Director of Mental Health, or designee, to execute amendments to the Agreement; and

WHEREAS, said Agreement provides that changes may be made in the form of a written amendment which is formally approved and executed by the parties; and

WHEREAS, County and Contractor intend to amend Agreement to extend the term for six months, effective July 1, 2019 through December 31, 2019, with an additional optional month-to-month six-month extension; and

WHEREAS, the Maximum Contract Amount for the extension period is \$XXXXXX

WHEREAS, Contractor warrants that it possesses the competence, expertise and personnel necessary to provide services consistent with the requirements of this Agreement and consistent with the professional standard of care for these services.

NOW, THEREFORE, County and Contractor agree that the Agreement shall be amended effective July 1, 2019 only as follows:

1. Paragraph I (TERM) sub-paragraph (B), shall be revised to add:
  - (3) Third Renewal Period: The third renewal period shall commence on July 1, 2019 and shall continue in full force and effect through December 31, 2019, unless terminated earlier by either party by giving a 30-day written notice to the other party.

- (4) Optional Extension Period: After the Third Renewal Period, this Agreement may be extended by amendment signed by both parties, for up to an additional six (6) months, on a month-to-month basis, which shall commence January 1, 2020, and terminate no later than June 30, 2020.
- 2. Attachment II of the Agreement, Financial Exhibit A (FINANCIAL PROVISIONS), Paragraph D (Reimbursement if Agreement is Automatically Renewed) shall be updated to add:
  - “(3). REIMBURSEMENT FOR THIRD RENEWAL PERIOD
    - (1) The MCA for the Third Renewal Period of this Agreement as described in Paragraph I (TERM) of the Agreement shall not exceed \_\_\_\_\_ DOLLARS (~~\$XXX,XXX~~) and shall consist of Funded Programs as shown on the Financial Summary.”
- 3. Financial Summary (Attachment III) - 1 for FY 2019-20, shall be added, attached hereto and incorporated herein by reference. All references in Contract to Financial Summary (Attachment III), shall be deemed amended to state “Financial Summary (Attachment III) – 1 for FY 2019-20.”
- 4. Contractor shall provide services in accordance with Contractor’s FY 2016-17 Contract Package for this Contract and any addenda thereto approved in writing by the County’s Director of Mental Health or his designee.
- 5. Except as provided in this Amendment, all other terms and conditions of the Agreement shall remain in full force and effect.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by County's Director of Mental Health, or his designee, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
JONATHAN E. SHERIN, M.D., Ph.D.  
Director of Mental Health

\_\_\_\_\_  
Hospital Services Provider  
CONTRACTOR

By \_\_\_\_\_

Name \_\_\_\_\_

Title Chief Executive Officer  
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM:  
OFFICE OF THE COUNTY COUNSEL