COUNTY OF LOS ANGELES

MARVIN J. SOUTHARD, D.S.W.
Director

SUSAN KERR
Chief Deputy Director

RODERICK SHANER, M.D.
Medical Director

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

BOARD OF SUPERVISORS
GLORIA MOLINA
YVONNE B. BURKE
ZEV YAROSLAVSKY
DON KNABE
MICHAEL D. ANTONOVICH

DEPARTMENT OF MENTAL HEALTH

http://dmh.lacounty.info

Reply To: (213) 738-4601
Fax: (213) 386-1297

August 31, 2006

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:

APPROVAL TO AMEND DEPARTMENT OF MENTAL HEALTH LEGAL ENTITY AGREEMENTS TO INCLUDE LANGUAGE ALLOWING FOR THE SHIFT OF COUNTY GENERAL FUND DOLLARS BETWEEN FUNDING CATEGORIES WITHIN A CONTRACT PROVIDER'S AGREEMENT
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Director of Mental Health or his designee to prepare, sign, and execute amendments to 130 of the Department of Mental Health (DMH) Legal Entity (LE) Agreements listed on Attachment I and substantially similar in format to Attachment II, allowing for the shift of County General Funds (CGF) between funding categories in order to draw down additional Federal and State matching funds or to provide additional funds for indigent care.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On June 27, 2006, your Board instructed DMH to work with contract providers in developing a solution for the optimal use of contractually allocated CGF among the various populations served, while at the same time ensuring that the County's responsibility for providing the local match necessary to claim Federal Financial Participation (FFP) and certain State funds was met. This proposed action will achieve that desired outcome.

The proposed amendment allows contractors to shift up to 15 percent of total contracted CGF between funding categories without prior DMH approval to draw down more FFP thereby strengthening these community agencies' ability to maintain safety-net services

they provide to our consumers at risk. Any allocated funds that are restricted by the payer to specific uses (e.g., CalWORKs, AB 2034) cannot be shifted and are excluded from the proposed 15 percent shift provision. The proposed amendment also specifies that at the time of the State settlement, CGF will first be used by the contract provider for any mandated County local match to Federal and/or State funds. In addition, shifts above the 15 percent can be requested through the current DMH approval process.

Another key element of the proposed amendment is that FFP and Early and Periodic Screening, Diagnosis and Treatment (EPSDT) State General Funds (SGF) earned in excess of a contract provider's Maximum Contract Amount (MCA) will be passed through to the contract provider, subject to Board approval, which the Director agrees to seek no later than 30 days after DMH's reconciliation of the State's settlement.

Implementation of Strategic Plan Goals

The recommended Board action is consistent with the principles of the Countywide Strategic Plan Organizational Goal No. 4, "Fiscal Responsibility." Board approval of this request will enable DMH to ensure optimal use of CGF without increasing the County's financial risk for service delivery purposes and to make payments to contract providers for eligible services that otherwise would go uncompensated.

FISCAL IMPACT/FINANCING

There is no increase in net County cost associated with the proposed action. This is because the contractor will have to clearly demonstrate that any required local match dollars for Federal funds are available within the MCA. The language in the proposed amendment has been developed with input from the Auditor-Controller (A-C) and County Counsel to ensure that there is no risk of exceeding the budgeted CGF and that all State, Federal and local requirements pertaining to local match for Federal funds are met.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On June 27, 2006, on motions of Supervisors Molina, Burke and Knabe, your Board instructed the Director of Mental Health to report back within 30 days with a long-term solution to the shift of funds issue raised by contract mental health providers. This issue relates to allowing contract service providers to shift CGF dollars within their contract to either match, and draw down additional Federal and State funding, or to provide additional funds for indigent care. DMH had discussions with the Association of Community Human Services Agencies (ACHSA), and staff from County Counsel, the

A-C, and the Chief Administrative Office (CAO) to develop a consensus recommendation to your Board regarding a long-term solution.

DMH staff met on July 24, 2006 with representatives from ACHSA and its member agencies, County Counsel, the A-C, the CAO, and Board Health Deputies to develop proposed contract language reflected in the proposed amendment that would provide a mutually agreed upon resolution to the issue.

The consensus language that was developed allows up to 15 percent of total contracted CGF to be shifted from one program to another without prior DMH approval, with the specific exception of funds that are categorical (i.e., CalWORKs). The language has been crafted with input from the A-C and County Counsel to ensure that there is no risk of exceeding the budgeted CGF and that all State, Federal, and local requirements pertaining to local match for Federal funds are met. DMH believes the proposed language addresses the concerns that were raised in the report submitted by DMH to your Board on June 26, 2006, identifying the pros/cons/impacts related to partitioning funding in mental health services contracts, as requested by Supervisor Molina on June 19, 2006.

The proposed Board action will permit contract providers to shift up to 15 percent of total contracted CGF from one funding category to another without prior DMH approval. Shifts of CGF in excess of 15 percent will require a contract amendment. DMH believes that this provides contract providers with as much flexibility as possible to respond to variations in client mix while protecting the County's interest in drawing down additional Federal matching dollars for indigent care. The 15 percent limitation protects the service delivery to indigent clients that have not qualified for Medi-Cal benefits.

The provision is consistent with the State's position that local funds should be used to the maximum extent possible to permit the draw down of Federal funds whenever appropriate in order to best serve the Medi-Cal and Healthy Families beneficiary populations.

The proposed action has been reviewed and approved by the County Counsel, the CAO, and the A-C; and the amendment format has been reviewed and approved as to form by the County Counsel.

CONTRACTING PROCESS

The Department will amend Fiscal Year (FY) 2006-2007 LE Agreements to add the proposed language and it will also be included in future LE Agreement boilerplates.

IMPACT ON CURRENT SERVICES

Board approval of this action will provide contract providers with additional flexibility to better manage their service delivery systems when experiencing a change in their client mix. The Department believes there will be no impact in FY 2006-2007 on indigent care levels rendered by contract providers.

DMH is experiencing a funding squeeze because of the increasing local match requirements of benefit programs and the anemic growth in realignment funds. This action will mitigate and is a partial solution to this funding squeeze by providing more local match funds so more Federal matching funds can be received. The availability of more local match funds will draw down more Federal funds to pay for additional services.

While the proposed contract language resolves the shift of funds issue as requested by your Board, the underlying causal Federal local match requirement for the Medi-Cal, Healthy Families and Medi-Cal Administrative Activities programs and the State's requirement for the counties to provide additional CGF for EPSDT services growth are having a longer term structural impact on the Department. The growth in realignment revenues flowing to the County from the State has been insufficient to fund these increasing local match dollar requirements associated with the provision of services to Medi-Cal and Healthy Families beneficiaries.

The Department's Medi-Cal and Healthy Families programs for FY 2005-2006 generated $529.8 million as of July 2006 and may reach about $583 million after the State has adjudicated all of the FY 2005-2006 claims. The Short-Doyle/Medi-Cal (SD/MC) designated non-governmental agencies' (NGA) portion of the $529.8 million is $381.1 million or 72 percent. In FY 2006-2007, the Department has allocated $121.9 million in County General Funds to the SD/MC NGAs of which $44.3 million is targeted for indigent services and the balance of $77.6 million is to be used for State and Federally mandated local match. The Department projects that the $44.3 million in CGF designated for indigent care may be totally redirected by contractors over the next approximate six years to finance the County's local match share of the annual increase in the Medi-Cal and Healthy Families service levels and the State's requirement for the

County match for the EPSDT growth. Accordingly, the long term impact of this action may be an increase in the number of indigent clients referred by contractors to County operated clinics and possibly a reduced level of service to indigent clients. DMH will continue to explore with Board Offices various options for addressing the programmatic and growing local match obligation requirements related to this funding squeeze and how best to maintain the indigent client care service level.

CONCLUSION

The Department of Mental Health will need one (1) copy of the adopted Board's action. It is requested that the Executive Officer of the Board notifies the Department of Mental Health's Contracts Development and Administration Division at (213) 738-4684 when this document is available.

Respectfully submitted,

Marvin J. Southard, D.S.W.
Director of Mental Health

MJS:GSK:RK:ck

Attachments (2)

c: Chief Administrative Officer
County Counsel
Auditor-Controller
Chairperson, Mental Health Commission

COUNTY OF LOS ANGELES - DEPARTMENT OF MENTAL HEALTH
Contracts Development and Administration Division

Fiscal Year 2006-2007

ATTACHMENT I

No.	Supervisorial District (Hdqrs)	Legal Entity Number	LEGAL ENTITY AGREEMENTS	Contract Number
1	2	00256	1736 Family Crisis Center	MH120001
2	2	00269	AIDS Project Los Angeles	MH120002
3	2	00177	Alcott Center for Mental Health Services	MH120073
4	1	00180	Amanecer Community Counseling Services, Inc.	MH120003
5	1	00409	ASC Treatment Group	MH120004
6	2	01167	Asian American Drug Abuse Program, Inc.	MH120075
7	2	00325	Asian Rehabilitation Services, Inc.	MH120076
8	1	00173	Associated League of Mexican Americans, Inc. dba ALMA Family Services	MH120005
9	2	00175	Barbour and Floyd Associates	MH120077
10	2	01150	Behavioral Health Services, Inc.	MH120078
11	5	00860	Bienvenidos Children's Center, Inc.	MH120006
12	1	00274	Braswell Rehabilitation Institute for Development of Growth and Education Svs., Inc.	MH120007
13	1	01149	California Hispanic Commission, Inc.	MH120079
14	4	01192	California Institute of Health and Social Services, Inc. dba Alafia Mental Health Institute	MH120008
15	1	01285	Catholic Healthcare West dba California Hospital Medical Center	MH120080
16	3	00178	Cedars-Sinai Medical Center	MH120081
17	3	00211	Center for Healthy Aging	MH120082
18	5	01209	Center for Integrated Family and Health Services	MH120009
19	5	00210	Child and Family Center	MH120010
20	3	00207	Child and Family Guidance Center	MH120083
21	4	00783	ChildNet Youth and Family Services, Inc.	MH120084
22	2	00668	Children's Bureau of Southern California	MH120011
23	3	00179	Childrens Hospital Los Angeles	MH120012
24	2	00591	Children's Institute Inc.	MH120013
25	2	00322	City of Gardena	MH120087
26	4	00327	Clontarf Manor, Inc.	MH120014
27	4	00181	Community Family Guidance Center	MH120089
28	4	00779	Counseling and Research Associates, Inc. dba Masada Homes	MH120090
29	3	00694	Counseling4Kids	MH120091
30	5	01227	David & Margaret Home, Inc.	MH120092
31	2	00183	Didi Hirsch Psychiatric Service	MH120015
32	2	01181	Drew Child Development Corporation	MH120016
33	3	00184	Dubnoff Center for Child Development and Educational Therapy	MH120093
34	5	00778	D'Veal Corporation dba D'Veal Family and Youth Services	MH120094
35	out of county	00156	Eastfield Ming Quong, Inc.	MH120095
36	2	01184	Educational Resource and Services Center, Inc. dba Kayne-Eras Center	MH120017
37	3	00185	El Centro de Amistad, Inc.	MH120018
38	1	01250	El Centro del Pueblo, Inc.	MH120096
39	2	01311	Emotional Health Association dba SHARE! The Self-Help and Recovery Exchange	MH120097
40	5	00188	ENKI Health and Research Systems, Inc.	MH120020
41	1	00995	Ettie Lee Homes, Inc.	MH120021
42	2	00527	Exodus Recovery, Inc.	MH120022
43	3	00993	FH & HF Torrance I, LLC c/o Health Quality Management Group	MH120098
44	1	00302	Filipino-American Service Group, Inc.	MH120099
45	5	00647	Five Acres - The Boys' & Girls' Aid Society of Los Angeles County	MH120023
46	1	00182	Florence Crittenton Center	MH120024
47	out of county	00870	Florence Crittenton Services of Orange County, Inc. dba Crittenton Services for Children and Families	MH120025
48	5	00724	Foothill Family Service	MH120026
49	4	00300	For The Child, Inc.	MH120027
50	1	00190	Gateways Hospital and Mental Health Center	MH120028
51	2	00846	Gay and Lesbian Adolescent Social Services, Inc.	MH120029
52	3	00174	Hamburger Home dba Aviva Family and Children's Services dba Aviva Center	MH120101
53	5	00192	Hathaway-Sycamores Child and Family Services	MH120030
54	2	00193	Health Research Association	MH120031
55	4	00209	HealthView, Inc. dba Harbor View House	MH120032
56	4	01232	Helpline Youth Counseling, Inc.	MH120034
57	5	00965	Heritage Clinic and The Community Assistance Program for Seniors	MH120102
58	5	00321	Hillsides	MH120035
59	3	00194	Hillview Mental Health Center, Inc.	MH120103
60	4	00508	Homes for Life Foundation	MH120036
61	4	01111	Institute for Applied Behavior Analysis, A Psychological Corporation	MH120104
62	2	00699	Institute for Multicultural Counseling & Education Services, Inc. (I.M.C.E.S.)	MH120037
63	5	00171	Institute for the Redesign of Learning	MH120105
64	1	00195	Intercommunity Child Guidance Center	MH120038
65	2	00197	Kedren Community Health Center, Inc.	MH120040
66	3	01201	Kids First Foundation, Inc.	MH120041
67	2	00326	Koreatown Youth and Community Center, Inc.	MH120042
68	2	00317	LAMP, Inc.	MH120043

ATTACHMENT I

No.	Supervisorial District (Hdqrs)	Legal Entity Number	LEGAL ENTITY AGREEMENTS	Contract Number
69	5	00697	LeRoy Haynes Center for Children and Family Services, Inc.	MH120107
70	1	00315	Los Angeles Unified School District	MH120108
71	1	01034	Maryvale	MH120109
72	5	00971	McKinley Children's Center, Inc.	MH120110
73	4	00200	National Mental Health Association of Greater Los Angeles	MH120111
74	3	01142	New Directions, Inc.	MH120112
75	5	01170	New Horizons Family Center	MH120048
76	3	00305	Ocean Park Community Center	MH120049
77	1	00518	Olive Crest Treatment Centers, Inc.	MH120050
78	4	00859	One In Long Beach, Inc.	MH120113
79	1	00781	Optimist Boys' Home and Ranch, Inc.	MH120114
80	4	00579	Pacific Asian Counseling Services	MH120115
81	5	00203	Pacific Clinics	MH120051
82	3	01204	Pacific Lodge Youth Services	MH120052
83	2	01169	Para Los Ninos	MH120053
84	5	01228	Pasadena Unified School District	MH120116
85	1	00711	Pediatric & Family Medical Center dba Eisner Pediatric & Family Medical Center	MH120117
86	3	00201	Penny Lane Centers	MH120118
87	2	01194	Personal Involvement Center, Inc.	MH120055
88	3	00805	Phoenix Houses of Los Angeles, Inc.	MH120119
89	2	00205	Portals House	MH120056
90	2	00838	PROTOTYPES, Centers for Innovation in Health, Mental Health and Social Services	MH120120
91	4	00801	Providence Community Services, LLC (formerly Aspen Community Services)	MH120121
92	5	00848	Rosemary Children's Services	MH120057
93	3	00208	San Fernando Valley Community Mental Health Center, Inc.	MH120123
94	5	00320	San Gabriel Children's Center, Inc.	MH120058
95	5	01195	Serenity Infant Care Homes, Inc.	MH120059
96	2	00558	SHIELDS for Families	MH120125
97	5	00212	Social Model Recovery Systems, Inc.	MH120060
98	4	00213	South Bay Children's Health Center Association, Inc.	MH120126
99	2	00506	South Central Health and Rehabilitation Prog. (SCHARP)	MH120127
100	1	00214	Special Service for Groups	MH120128
101	1	01160	SPIRITT Family Services, Inc.	MH120129
102	1	01186	St. Anne's Maternity Home	MH120061
103	2	00784	St. Francis Medical Center	MH120130
104	3	00217	St. John's Hospital and Health Center	MH120062
105	3	00218	St. Joseph Center	MH120131
106	4	00543	Star View Adolescent Center, Inc.	MH120132
107	3	00215	Step Up on Second Street, Inc.	MH120133
108	3	00216	Stirling Academy, Inc.	MH120063
109	4	00206	Sunbridge Harbor View Rehabilitation Center, Inc.	MH120134
110	3	01156	Tarzana Treatment Center, Inc.	MH120136
111	out of county	00108	Telecare Corporation	MH120137
112	5	01066	The Children's Center of the Antelope Valley	MH120085
113	2	01030	The Children's Circle	MH120086
114	4	00191	The Guidance Center	MH120100
115	3	00198	The Help Group Child & Family Center	MH120033
116	2	00199	The Los Angeles Child Guidance Clinic	MH120044
117	3	00323	The Los Angeles Free Clinic	MH120045
118	3	00304	The Los Angeles Gay and Lesbian Community Services Center dba L.A. Gay and Lesbian Center	MH120046
119	3	01224	The Village Family Services	MH120139
120	5	01171	Tobinworld	MH120065
121	5	00630	Topanga-Roscoe Corporation dba Topanga West Guest Home	MH120066
122	2	00219	Transitional Living Centers for L.A. County, Inc.	MH120138
123	3	00309	Travelers Aid Society of Los Angeles California	MH120067
124	1	01026	Trinity Youth Services	MH120068
125	1	00938	United American Indian Involvement, Inc.	MH120069
126	5	00221	Verdugo Mental Health Center	MH120070
127	1	01044	VIP Community Mental Health Center, Inc. (VIP CMHC)	MH120140
128	2	00196	Vista Del Mar Child and Family Services	MH120071
129	2	00310	Watts Labor Community Action Committee (WLCAC)	MH120141
130	2	00316	Westside Center for Independent Living, Inc.	MH120072

ATTACHMENT II

CONTRACT NO. _____

AMENDMENT NO. ___

THIS AMENDMENT is made and entered into this ___ day of _____, 2006, by and between the COUNTY OF LOS ANGELES (hereafter "County") and _____ (hereafter "Contractor").

WHEREAS, County and Contractor have entered into a written Agreement, dated _____, identified as County Agreement No. _____, and any subsequent amendments (hereafter collectively "Agreement"); and

WHEREAS, for Fiscal Year 2006-2007 and any subsequent fiscal years, County and Contractor intend to amend Agreement only as described hereunder; and

WHEREAS, for Fiscal Year 2006-2007 and any subsequent fiscal years, County and Contractor intend to amend the Agreement to include language which will allow Contractors more flexibility in serving consumers. Subparagraph EE. Shift of County General Funds shall be added to FINANCIAL PROVISIONS, Paragraph 4. Under this provision, Contractors will be able to shift up to 15 percent of total contracted County General Funds (CGF) between funding categories without prior Department of Mental Health (DMH) approval to draw down more Federal Financial Participation (FFP). Any allocated funds that are restricted by the payer to specific uses (e.g., CalWORKs, AB 2034) cannot be shifted and are excluded from the proposed 15 percent shift provision. Shifts above the 15 percent can be requested through the current DMH approval process; and

Whereas, the MCA shall remain the same.

NOW, THEREFORE, County and Contractor agree that Agreement shall be amended only as follows:

1. For Fiscal Year 2006-2007 and any subsequent years, Subparagraph EE (Shift of County General Funds) shall be added to Paragraph 4 (FINANCIAL PROVISIONS) of the Agreement:

"EE. Shift of CGF: County and Contractor shall enter into a good faith negotiation prior to the beginning of the fiscal year regarding the allocation of CGF for services to the uninsured and those eligible for benefits programs. Once this allocation has been negotiated, Contractor may shift up to 15 percent of the CGF in the Agreement between categories in the Financial Summary, based on actual services delivered, without the prior approval of the Department, with the provision that at settlement CGF will be first used for Match if the amount needed for Match exceeds the amount projected by Contractor, but in no event shall the amount used for Match exceed the amount shown on the Financial Summary plus 15 percent of CGF without prior approval of County. Any such shift of funds shall be in compliance with all County, State, and Federal regulations, and categorical funds given to an agency for a specific purpose (e.g., CalWORKs, MHSA) must be used for the purpose for which they have been designated. In addition, any such shift of funds shall not result in any increase to the MCA, with the exception of FFP and EPSDT-SGF generated using CGF, which shall be passed through to the Contractor after Board of Supervisor's approval based on

a Board letter to be filed by the Director no later than 30 days after the Department's reconciliation of State settlement."

2. Contractor shall provide services in accordance with the Contractor's Fiscal Year _____ Negotiation Package for this Agreement and any addenda thereto approved in writing by Director.

3. 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 _____
MARVIN J. SOUTHARD, D.S.W.
Director of Mental Health

_____
CONTRACTOR

By _____

Name_____

Title_____
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM
OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT
ADMINISTRATION:

DEPARTMENT OF MENTAL HEALTH

By _____
Chief, Contracts Development
and Administration Division

CK: Amend Financial Summary FY06-07

DMH Amendment Summary

LEGAL ENTITY NAME:_____

Contract No.:_____ Legal Entity No.: _____ Amendment No. _____

LIST OF FUNDING SOURCES
(Please check all applicable funding for Amendment only.)

1	CGF	
2	CGF - Psychiatric Emergency Services (PES)	
3	SAMHSA	
4	SAMHSA – Child Mental Health Initiative	
5	SAMHSA – Targeted Capacity Expansion	
6	PATH	
7	CalWORKs – Flex Fund	
8	CalWORKs – Mental Health Services (MHS)	
9	CalWORKs – Community Outreach Services (COS)	
10	CalWORKs – Families Project – Client Support Services	
11	CalWORKs – Families Project – MHS & Targeted Case Management	
12	CalWORKs – Families Project - COS	
13	DPSS – GROW	
14	DCFS AB 2994	
15	DCFS Family Preservation	
16	DCFS Star View Life Support PHF	
17	DCFS Independent Living	
18	DCFS STOP (70%)	
19	DCFS Medical Hubs	

20	DCFS Basic MH Services Enhanced Specialized Foster Care	
21	DCFS Intensive In–Home Enhanced Specialized Foster Care	
22	Schiff-Cardenas – M.H. Screening, Assessment, and Treatment (MHSAT)	
23	Schiff-Cardenas – Multi-Systemic Therapy Program (MST)	
24	AB 34/AB 2034	
25	ADPA AB 34/AB 2034 Housing	
26	DHS-OAPP HIV/AIDS	
27	DHS Dual Diagnosis	
28	DHS Social Model Recovery	
29	DHS LAMP	
30	HIV AIDS	
31	IDEA (AB 3632 – SEP)	
32	SB 90 (AB 3632 – SEP)	
33	Mental Health Services Act (MHSA)	
34	Mental Health Services Act (MHSA) – Full Service Partnership	
35	Mental Health Services Act (MHSA) – AB 2034 Services	
36	Medi-Cal, Healthy Families, or MAA FFP	
37	SGF - EPSDT	

FUNDING SOURCE(S) (Select from Funding Sources listed above for Amendment.)

AMOUNT Increase/Decrease	**FISCAL YEAR**	**MCA**

(See Financial Summary(ies) for funding details to MCA.)

AMENDMENT ACTION(S): **BOARD ADOPTED DATE:** _____ **EFFECTIVE DATE:**_____

_____
_____
_____
_____

New Headquarters' (HQ) Address: _____ HQ Sup. District: _____

_____ Service Area(s): _____

ADD OR DELETE SERVICE SITE(S):

Name	Address	Sup. Dist.	Svc. Area(s)	Prov. No.

Deputy Director:_____ Lead Manager: _____