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
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DON KNABE
MICHAEL D. ANTONOVICH

DEPARTMENT OF MENTAL HEALTH

http://dmh.lacounty.info

Contracts Development and Administration Division
Reply To: (213) 738-4601
Fax: (213) 386-1297

October 19, 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 OF AMENDMENT TO THE EXISTING MENTAL HEALTH SERVICES MEDI-CAL FEE-FOR-SERVICE ACUTE PSYCHIATRIC INPATIENT HOSPITAL SERVICES AGREEMENT WITH CEDARS-SINAI MEDICAL CENTER (SUPERVISORIAL DISTRICT 3) (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and authorize the Mayor of your Board to sign and execute Amendment No. 3, substantially similar to the Attachment, to the existing Mental Health Services Medi-Cal Fee-For-Service (FFS) Acute Psychiatric Inpatient Hospital Agreement with Cedars-Sinai Medical Center (Cedars-Sinai), Contract No. DMH-01904. This Amendment will be effective upon Board approval through June 30, 2007, and will increase the acute psychiatric inpatient hospital services rate from $475 to $520 per day for services provided to Medi-Cal beneficiaries on the order of, or under, the direct supervision of physicians who are ineligible to bill Medi-Cal for the delivery of specialty mental health services. This rate increase will be funded by the State Medi-Cal Managed Care allocation and Federal Financial Participation (FFP) Medi-Cal revenue that are included in the Department of Mental Health's (DMH) Fiscal Year (FY) 2006-2007 Adopted Budget. There is no impact on net County cost (NCC).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the requested action is to increase the rate paid to Cedars-Sinai for acute psychiatric inpatient hospital services provided to Medi-Cal beneficiaries where such services are provided on the order of, or under, the supervision of physicians who are ineligible to bill Medi-Cal for specialty mental health services. In exchange, physicians providing inpatient Medi-Cal services at Cedars-Sinai will not bill separately,

which is consistent with their existing practice. Moreover, Cedars-Sinai will give up its ability to terminate the Agreement early without cause.

Implementation of Strategic Plan Goals

The recommended Board action is consistent with the principles of the Countywide Strategic Plan's Goal No. 7, "Health and Mental Health." Board approval will strengthen the access to Cedars-Sinai as a contracted FFS Medi-Cal certified inpatient hospital.

FISCAL IMPACT/FINANCING

There is no impact on NCC. The rate increase in the amount of $77,040, based on FY 2005-2006 utilization data, is funded by the State Medi-Cal Managed Care allocation and FFP Medi-Cal revenue.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

DMH, in collaboration with County Counsel, has been in negotiations with Cedars-Sinai to ensure the continued accessibility of critically needed acute psychiatric inpatient services by Medi-Cal beneficiaries whose residency has been established within Los Angeles County. In acknowledgement of the cost of providing such services, the proposed Amendment is intended to increase the acute psychiatric inpatient hospital services rate for services provided to Medi-Cal beneficiaries on the order of, or under, the supervision physicians who are not eligible to bill Medi-Cal for specialty mental health services. The total cost to the County of care to such patients is lower, which made additional resources available to supplement the usual inpatient services rate.

Clinical and administrative staff of DMH will continue to administer and supervise the Agreement, evaluate the program to ensure that quality services are being provided to Medi-Cal beneficiaries, and ensure the Agreement provisions and Departmental policies are being followed.

The attached Amendment has been approved as to form by County Counsel. The proposed action has been reviewed and approved by the CAO.

IMPACT ON CURRENT SERVICES

Board approval will ensure the continued accessibility of critically needed acute psychiatric inpatient services by Medi-Cal beneficiaries whose residency has been established within Los Angeles County.

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:RS:RK:PW

Attachment

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

OV:PW

CONTRACT NO. DMH-01904

AMENDMENT NO. 3

THIS AMENDMENT is made and entered into this ___ day of _____, 2006, by and between the County of Los Angeles (hereafter "County") and Cedars-Sinai Medical Center (hereafter "Contractor").

WHEREAS, County and Contractor have entered into a written Agreement, dated December 7, 2004, identified as County Agreement No. DMH-01904, and any subsequent amendments (hereafter collectively "Agreement"); and

WHEREAS, for the remaining portion of Fiscal Year 2006-2007, County and Contractor intend to amend the Mental Health Services Agreement Contract Allowable Rate (CAR) for Fee-For-Services Medi-Cal Acute Psychiatric Inpatient Hospital Services to increase the rate from $475 per day to $520 per day for services provided to Medi-Cal Beneficiaries pursuant to this Agreement on the order of, or under, the direct supervision of physicians who are ineligible to bill Medi-Cal for specialty mental health services provided to Medi-Cal Beneficiaries.

NOW, THEREFORE, in exchange for the mutual promises and agreements set forth below, County and Contractor agree that Agreement shall be amended as follows:

1. Paragraph 5 (FINANCIAL PROVISIONS), Subparagraph A(1), shall be deleted in its entirety and the following substituted therefore:

"A(1) FIVE HUNDRED TWENTY DOLLARS ($520) per inpatient day of service provided on or after the effective date of this Amendment to each Medi-Cal

Beneficiary who receives hospital services on the order of, or under, the direct supervision of a physician who is not eligible to bill Medi-Cal for specialty mental health services as provided by this Agreement.

FOUR HUNDRED SEVENTY-FIVE DOLLARS ($475) per inpatient day of service provided on or after the effective date of this Amendment to each Medi-Cal Beneficiary who receives hospital services on the order of, or under, the direct supervision of a physician who is eligible to bill Medi-Cal for specialty mental health services as provided by this Agreement provided on or after the effective date of this Amendment.

The CAR shall cover all services, including, but not limited to, medical ancillaries provided by Contractor to deliver a day of service of Acute Psychiatric Inpatient Hospital Services. Notwithstanding the foregoing, the CAR does not include the cost of transportation services incurred in providing Acute Psychiatric Inpatient Hospital Services. The cost of transportation services shall not be reimbursed by the CAR.

During the term of this Agreement, the CAR for Administrative Day Services shall be:

(2) THREE HUNDRED SEVENTY-FOUR 75/100 DOLLARS ($374.75) per day of service for each Beneficiary provided on or after August 1, 2005.

The CAR shall cover all services, including, but not limited to, medical ancillaries provided by Contractor to deliver a day of service of Administrative Day Services. Notwithstanding the foregoing, the CAR does not include the cost of physician services and psychologist services rendered to Beneficiaries, nor shall it

include the cost of transportation services incurred in providing Administrative Day Services. The cost of physician services, psychologist services, and transportation services shall not be reimbursed by the CAR.

Each Fiscal Year or portion thereof of the term of this Agreement, reimbursement for Psychiatric Inpatient Hospital Services shall be made on the basis of: (1) approximately fifty percent FFP funds which are paid by Fiscal Intermediary to Contractor pursuant to this Agreement; and (2) approximately fifty percent match from funds which are allocated by State for County specifically for Psychiatric Inpatient Hospital Services, which are paid by Fiscal Intermediary to Contractor pursuant to this Agreement, and which qualify as eligible FFP matching funds.

Notwithstanding any other provision of this Agreement, Contractor shall be entitled to reimbursement from Fiscal Intermediary of Psychiatric Inpatient Hospital Services only: (1) if there is a Treatment Authorization Request for the particular Acute Psychiatric Inpatient Hospital Services or Administrative Day Services which has been submitted by Contractor to County as required by this Agreement and approved by County; (2) if the particular Acute Psychiatric Inpatient Hospital Services or Administrative Day Services provided pursuant to the County-approved Treatment Authorization Request are consistent with the County-approved Treatment Authorization Request and are appropriate for clinical reimbursement as determined by Director; (3) to the extent that funds allocated by State for County specifically for Psychiatric Inpatient Hospital Services are available as eligible FFP matching funds; and (4) for all Los Angeles County Regional Center beneficiaries,

the County, acting as the Local Mental Health Plan, shall only be responsible for authorizing a maximum reimbursement for four (4) administrative days."

2. The following shall be added as a new Paragraph 59:

"59. RESTRICTION ON MODIFICATION TO PATTERNS OF ASSIGNING PATIENTS: Contractor represents and warrants that it has not modified its practices or patterns of assigning psychiatric patients to physicians in the four months preceding the execution of this Amendment and further agrees that it will not, during the remaining term of the Agreement, modify its practices or patterns of assigning psychiatric patients to physicians unless required to do so by circumstances beyond Contractor's control (for example and without limiting the foregoing, the resignation of faculty/attending physician staff). In the event that Contactor must make a change in its practices or patterns of assigning patients to psychiatric physicians, Contractor agrees that it will not take into consideration the physicians' eligibility or lack of eligibility to bill Medi-Cal for specialty mental health services in determining or implementing the revised assignment practices or patterns. Contractor shall, by June 30 of each year, provide a certification to the Chief, Contracts Development and Administration Division, stating that no change has occurred in its practices or patterns assigning psychiatric patients to physicians, or in the past year, if a change has occurred, that the revised practices or patterns of assigning patients to physicians were created and implemented without taking into consideration the physicians' eligibility or lack of eligibility to bill Medi-Cal for specialty mental health services."

3. Contractor agrees that it will not exercise its right to terminate the Agreement without cause pursuant to Paragraph 2D(1) of the Agreement before June 30, 2007. In addition, the following termination rights shall be added at the end of Paragraph 2D(1): "Contractor may terminate this Agreement (i) upon twenty (20) days' advance written notice of default to County, if County fails to perform or fulfill any of its material obligations hereunder and does not cure such failure within such twenty (20) day notice period; or (ii) upon twenty (20) days' advance written notice to County, if circumstances outside of Contractor's reasonable control cause Contractor to be unable to perform its obligations hereunder."

4. This Amendment shall be effective on the date of signature by Mayor of the Board of Supervisors for Fiscal Year 2006-2007.

5. Except as provided in this Amendment, all other terms and conditions of the Agreement shall remain in full force and effect. Nothing in this Amendment shall be construed to modify Contractor's obligation to provide services in accordance with Contractor's Fiscal Year 2004-2005 Contract Package for this Agreement and addenda thereto approved in writing by Director.

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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 its Mayor and the seal of said Board to be hereto affixed and attested to by the Executive Officer thereof, 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.

ATTEST:
SACHI HAMAI, Executive
Officer-Board of Supervisors
of the County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM:
OFFICE OF THE COUNTY COUNSEL

By _____
Principal Deputy County Counsel

APPROVED AS TO CONTRACT
ADMINISTRATION:

DEPARTMENT OF MENTAL HEALTH

By _____
Chief, Contracts Development
and Administration Division

COUNTY OF LOS ANGELES

By _____
Mayor, Board of Supervisors

Cedars-Sinai Medical Center
CONTRACTOR

By _____

Name Maureen Ferry

Title Vice President Managed Care
(AFFIX CORPORATE SEAL HERE)

FFS: Amend cedars Rate Change HOA371180 contract\dept mental health – 2nd amend.doc