

COUNTY OF LOS ANGELES

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

CORA E. FULMORE, L.C.S.W.
Interim Chief Deputy Director

RODERICK SHANER, M.D.
Medical Director



BOARD OF SUPERVISORS
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DEPARTMENT OF MENTAL HEALTH

<http://dmh.co.la.ca.us>

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

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

April 17, 2003

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

Dear Supervisors:

**APPROVAL OF AMENDMENT TO LEGAL ENTITY AGREEMENT
WITH FH & HF TORRANCE I, LLC
DBA SUNNYSIDE REHABILITATION AND NURSING CARE CENTER
AND SUNNYSIDE RETIREMENT CENTER
FOR FISCAL YEARS 2002-2003 AND 2003-2004
(SUPERVISORIAL DISTRICT 2)
(3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Director of Mental Health to prepare, sign, and execute Amendment No. 1, substantially similar to the Attachment, to the existing Legal Entity Agreement with FH & HF Torrance I, LLC dba Sunnyside Rehabilitation and Nursing Care Center and Sunnyside Retirement Center (Sunnyside). Effective upon Board approval, this Amendment will delete life support/board and care services totaling \$253,383 from the Legal Entity Agreement for each Fiscal Year (FY) 2002-2003 and 2003-2004 and redirect these funds to the Department of Mental Health's (DMH) Interim Funding allocation pool to pay for life support/board and care services under the appropriate Interim Fund Community Care Residential Facility Agreement. The new Maximum Contract Amount (MCA) will be \$903,351 for each FY 2002-2003 and 2003-2004.
2. Delegate authority to the Director of Mental Health to prepare, sign, and execute future amendments to the DMH Legal Entity Agreement with Sunnyside and establish as a new Maximum Contract Amount the aggregate of the original contract and all amendments through and including this Amendment, provided that: 1) the County's total payments to Contractor under the Agreement for each fiscal

year shall not exceed a change of twenty percent from the applicable revised Maximum Contract Amount; 2) any increase shall be used to provide additional services or to reflect program and/or policy changes; 3) the Board of Supervisors has appropriated sufficient funds for all changes; 4) approval of County Counsel and the Chief Administrative Officer or his designee is obtained prior to any such Amendment; 5) the parties may by mutual written Amendment agree to reduce programs or services without reference to the twenty percent limitation; and 6) the Director of Mental Health shall notify the Board of Supervisors of Agreement changes in writing within 30 days after execution of each Amendment.

This new delegated authority language replaces previously approved delegated authority language and will be used in future Board Letters.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

County Counsel advises that this "technical correction" of the contractual relationship between the parties and the related payment methodology is necessary in order to comply with existing payment regulations. While the parties have had in place at all relevant times a contract for the services in question, an audit review concluded that the payment methodology for certain services more appropriately belongs to a different contractual mode, the Interim Fund Community Care Residential Facility Agreement.

Accordingly, Board approval is requested to delete life support/board and care services from the existing Legal Entity Agreement with Sunnyside and redirect these services and funds to the appropriate Interim Fund Community Care Residential Facility Agreement with Sunnyside. The transfer of life support/board and care services and funds will allow DMH to appropriately reimburse the Contractor and its residents for board and care services and personal and incidental (P and I) expenses, respectively, and will ensure compliance with Federal, State, and County requirements and regulations, fiduciary responsibilities, and findings from the Social Security Administration - Interim Assistance Reimbursement Program Audit Report issued on December 23, 2002.

Under existing delegation authority, Board approval is required to delete language previously established in Board Letters that referenced necessary Board action for amendments requiring an MCA change in excess of 20%. DMH proposes, and County Counsel concurs, that delegated authority be clarified in the future regarding mutually agreed-upon reductions. This Board Letter will authorize the Director of Mental Health to prepare, sign, and execute future amendments to reduce the MCA upon the mutual agreement of DMH and Sunnyside, without reference to the 20% limit that applies to increases.

Implementation of Strategic Plan Goals

The recommended Board actions are consistent with the County's Programmatic Goal of Health and Mental Health within the Countywide Strategic Plan. Board approval shall strengthen DMH's programmatic and fiscal accountability.

FISCAL IMPACT/FINANCING

There is no impact on net County cost. Realignment funds in the amount of \$253,383 are included in DMH's FY 2002-2003 Adopted Budget. This amount currently allocated for life support/board and care services will be deleted from the Legal Entity Agreement and transferred to DMH's Interim Funding allocation pool to reimburse the Contractor and its residents for life support/board and care services as well as personal and incidental (P and I) expenses.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On July 2, 2002, your Board approved an Amendment for Sunnyside's program expansion for a residential treatment facility, which included life support/board and care services and a half-day day rehabilitation program. However, per the Social Security Administration-Interim Assistance Reimbursement Program Audit, DMH was not in compliance with various regulations by not meeting the 10 working days requirement of sending the excess of the Interim Assistance Reimbursement funds to the recipient. Therefore, in order to ensure compliance with Federal, State, and County requirements and regulations, and fiduciary responsibilities, DMH is deleting life support/board and care services from the existing Legal Entity Agreement and redirecting these services to the appropriate Interim Fund Community Care Residential Facility Agreement with Sunnyside. Board approval of this action will allow DMH to ensure compliance by changing the contract format and adhering to a uniform accounting and reimbursement method for life support/board and care services and P and I expenses that are paid with Interim Funds.

The Amendment has been approved as to form by County Counsel. The proposed actions have been reviewed and approved by the Chief Administrative Office and DMH's Program and Financial Services administration.

CONTRACTING PROCESS

Upon Board approval, DMH will amend the existing Legal Entity Agreement with Sunnyside to delete life support/board and care services. A new Community Care Residential Facility Agreement for life support/board and care services and P and I

The Honorable Board of Supervisors
April 17, 2003
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expenses, which will be paid through DMH's Interim Funding allocation pool, will be executed under the authority delegated to the Director of Mental Health.

This Board Letter uses new delegated authority language to allow the Director of Mental Health, upon mutual agreement with Sunnyside, to reduce programs and services without reference to the 20% limitation.

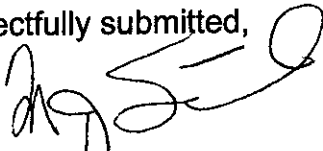
IMPACT ON CURRENT SERVICES

Board approval of this Amendment will allow the Contractor and residents to be paid for life support/board and care services and P and I expenses, respectively, in accordance with uniform guidelines. There is no negative impact on current services.

CONCLUSION

The Department of Mental Health will need one (1) copy of the adopted Board action. It is requested that the Executive Officer, Board of Supervisors, notify 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:RK:KT:CTA

Attachment

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

ATTACHMENT

CONTRACT NO. DMH-01207

AMENDMENT NO. 1

THIS AMENDMENT is made and entered into this _____ day of _____, 2003, by and between the COUNTY OF LOS ANGELES (hereafter "County") and FH & HF Torrance I, LLC dba Sunnyside Rehabilitation and Nursing Care Center and Sunnyside Retirement Center (hereafter "Contractor").

WHEREAS, County and Contractor have entered into a written Agreement, dated October 1, 2002, identified as County Agreement No. DMH-01207, and any subsequent amendments (hereafter collectively "Agreement"); and

WHEREAS, for Fiscal Years 2002-2003 and 2003-2004, County and Contractor intend to amend Agreement only as described hereunder; and

WHEREAS, for Fiscal Years 2002-2003 and 2003-2004, County and Contractor intend to amend Agreement to delete life support/board and care services for Provider Number 7484. This action will ensure the Department of Mental Health's (DMH) compliance with Federal, State, and County requirements and regulations by changing the contract format and adhering to a uniform accounting and reimbursement method for life support/board and care services and personal and incidental (P and I) expenses that are paid with Interim Funds; and

WHEREAS, for Fiscal Years 2002-2003 and 2003-2004, County and Contractor intend to amend Agreement to reduce Realignment funds in the amount of \$903,351 from the Maximum Contract Amount. These funds will be deleted

from the Legal Entity Agreement and transferred to DMH's Interim Funding allocation pool to reimburse the Contractor and its residents for life support/board and care services and P and I expenses, respectively; and

WHEREAS, for Fiscal Years 2002-2003 and 2003-2004, the revised Maximum Contract Amount will be \$903,351.

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

1. Paragraph 4 (FINANCIAL PROVISIONS), Subparagraph B (Reimbursement For Initial Period) and Subparagraph C (Reimbursement If Agreement Is Automatically Renewed) shall be deleted in their entirety and the following substituted therefor:

"B. Reimbursement For Initial Period: The Maximum Contract Amount for the Initial Period of this Agreement as described in Paragraph 1 (TERM) shall not exceed NINE HUNDRED THREE THOUSAND THREE HUNDRED FIFTY-ONE DOLLARS (\$903,351) and shall consist of County, State and/or Federal (excluding Medicare Partial Hospitalization services) funds as shown in the applicable Financial Exhibit column(s) which are identified on the Financial Summary. This Maximum Contract Amount includes Cash Flow Advance which is repayable through cash and/or appropriate SFC units and/or actual and allowable costs as authorized by other provisions of this Agreement. Notwithstanding any other provision of this Agreement, in no event shall County pay Contractor

more than this Maximum Contract Amount for Contractor's performance hereunder during the Initial Period.

C. Reimbursement If Agreement Is Automatically Renewed:

(1) Reimbursement For First Automatic Renewal Period: The Maximum Contract Amount for the First Automatic Renewal Period of this Agreement as described in Paragraph 1 (TERM) shall not exceed NINE HUNDRED THREE THOUSAND THREE HUNDRED FIFTY-ONE DOLLARS (\$903,351) and shall consist of County, State, and/or Federal (excluding and Medicare Partial Hospitalization services) funds as shown in the applicable Financial Exhibit column(s) which are identified on the Financial Summary. This Maximum Contract Amount includes the Cash Flow Advance which is repayable through cash and/or appropriate SFC units and/or actual and allowable costs as authorized by other provisions of this Agreement. Notwithstanding any other provision of this Agreement, in no event shall County pay Contractor more than this Maximum Contract Amount for Contractor's performance hereunder during the First Automatic Renewal Period."

2. Financial Summary for Fiscal Year 2002-2003 shall be deleted in its entirety and replaced with Financial Summary -1 for Fiscal Year 2002-2003, attached hereto and incorporated herein by reference. All

references in Agreement to Financial Summary for Fiscal Year 2002-2003 shall be deemed amended to state "Financial Summary -1 for Fiscal Year 2002-2003."

3. Financial Summary for Fiscal Year 2003-2004 shall be deleted in its entirety and replaced with Financial Summary -1 for Fiscal Year 2003-2004, attached hereto and incorporated herein by reference. All references in Agreement to Financial Summary for Fiscal Year 2003-2004 shall be deemed amended to state "Financial Summary -1 for Fiscal Year 2003-2004."
4. Contractor shall provide services in accordance with Contractor's Fiscal Year 2002-2003 Negotiation Package for this Agreement and any addenda thereto approved in writing by Director.
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, 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.

APPROVED AS TO FORM:

COUNTY OF LOS ANGELES

LLOYD W. PELLMAN
County Counsel

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

By _____
Principal Deputy County Counsel

FH & HF Torrance I, LLC dba Sunnyside
Rehabilitation and Nursing Care Center
and Sunnyside Retirement Center

CONTRACTOR

By _____

Name Michael Schwartz/Judy Marolda

Title Agent/Administrator
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO CONTRACT
ADMINISTRATION:

DEPARTMENT OF MENTAL HEALTH

By _____
Chief, Contracts Development
and Administration Division

Contractor Name : Sunnyside Rehabilitation & Nursing Care Center
 And Sunnyside Retirement Center
 Legal Entity No : 00993

DMH Legal Entity Agreement - Financial Summary -1
 Fiscal Year: 2002-2003
 Period : July 1, 2002 through June 30, 2003

Amendment No. 1

Categories		CRITICAL CARE											Sources of Funding Totals	
Provider Number (s)		Sunnyside SNF 7448	Sunnyside Residential Trtmt. Prog. 7484											
Reimbursement Method		NR	NR											
Financial Exhibits (FE):		A	B											
Eligible for FFP Match														
A. Allocations:														
1. Realignment	Yes	\$ 300,672	\$ 464,063											\$ 764,735
2. Other	Yes													\$ -
3. Other	Yes													\$ -
4. Other	Yes													\$ -
5. Other	Yes													\$ -
B. Pass Through:														
1. FFP	Yes												\$ 138,616	
2. EPSDT--SGF													\$ -	
3. SB90													\$ -	
4. Other													\$ -	
C. Third Party:														
1. Medicare													\$ -	
2. Patient Fees													\$ -	
3. Insurance	No												\$ 214,401	
4. Medi-Cal	No												\$ 451,009	

Maximum Contract Amount/Net Program Budge (A+B): \$ 903,351

Gross Program Budget (A+B+C): \$ 1,568,761

For PARTNERS/ISA only:

Footnotes Section: Amendment No. 1 deletes life support/board & care services totaling \$253,383 from the Agreement for Fiscal Years (FY) 2002-2003 and 2003-2004. The new MCA is \$903,351 for FYs 2002-2003 and 2003- 2004.

DMH Legal Entity Agreement (Rate Summary -1)

Fiscal Year: 2002-2003

Period : July 1, 2002 through June 30, 2003

MENTAL HEALTH SERVICES	Mode of Service	SFC RANGE	Rates	FE for Sunnyside SNF 7448	FE for Sunnyside Trtmt. Prog. 7484	FE for	FE for	FE for	FE for	FE for	FE for	FE for	FE for
A. 24 - HOUR SERVICES :													
Hospital Inpatient	05	10 - 18											
Hospital Administrative Day	05	19											
Psychiatric Health Facility (PHF)	05	20 - 29											
SNF Intensive	05	30 - 34	\$ 102.97	A									
IMD/STP Basic (No Patch)	Beds 1-59	05	35										
	Beds 60 & over	05	35										
Patch for IMD	05	36 - 39											
Mentally Ill Offenders	Indigent	05	36 - 39										
	Regular	05	36 - 39										
IMD - Like	05	36 - 39											
IMD (W/Patch) Sub-Acute (60 days)	05	38											
Adult Crisis Residential	05	40 - 49											
Residential Other	05	60 - 64											
Adult Residential	05	65 - 79											
Semi - Supervised Living	05	80 - 84											
Independent Living	05	85 - 89											
MH Rehab Centers	05	90 - 94											
B. DAY SERVICES :													
Vocational Services	10	30 - 39											
Socialization	10	40 - 49											
SNF Augmentation	10	60 - 69											
Day Treatment Intensive: Half Day	10	81-84											
Day Treatment Intensive: Full Day	10	85-89											
Day Rehabilitative : Half Day	10	91-94	\$ 65.00		B								
Day Rehabilitative : Full Day	10	95-99											
C. OUTPATIENT SERVICES :													
Case Management, Brokerage	15	01 - 09											
Mental Health Services	15	10 - 19 /30-59											
Therapeutic Behavioral Services (TBS)	15	58											
Medication Support	15	60 - 69											
Crisis Intervention	15	70 - 79											
D. OUTREACH SERVICES :													
Mental Health Promotion	45	10 - 19											
Community Client Services	45	20 - 29											
E. SUPPORT SERVICES :													
Life Support/Board & Care	60	40 - 49											
Case Management Support	60	60 - 69											
Flexible Funding (Cost Reimbursement) Identify the applicable FE column(s)	60	64											
F. HEALTHY FAMILIES :													
Alcohol/Drug Abuse Counseling and Ed. Svcs.			\$ 30.00										

Abbreviations: SFC - Service Function Code; FE - Financial Exhibit

Categories		CRITICAL CARE											Sources of Funding Totals	
Provider Number (s)		Sunnyside SNF 7448	Sunnyside Residential Trtmt. Prog. 7484											
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5. Other	Yes													\$ -
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2. EPSDT--SGF													\$ -	
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F. HEALTHY FAMILIES :													
Alcohol/Drug Abuse Counseling and Ed. Svcs.			\$ 30.00										

Abbreviations: SFC - Service Function Code; FE - Financial Exhibit

DMH Summary of Amendment Changes

LEGAL ENTITY NAME: FH & HF Torrance I, LLC dba Sunnyside Rehabilitation and Nursing Care Center and Sunnyside Retirement Center

Contract No.: DMH-01207 Legal Entity No.: 00993 Amendment No.: 1

LISTING OF FUNDING SOURCES

1	Realignment	11	DPSS - Grow	21	DHS-ADPA-AB2034
2	AB2034	12	LAUSD	22	DHS-ADPA-Dual Diagnosis
3	DPSS-CalWORKs	13	State-ASOC	23	DHS-ADPA-Sidekick
4	CSOC	14	DCFS -STOP	24	DHS-LAMP
5	BEST	15	DCFS-Kidstep	25	DHS-Social Model
6	Tobacco Tax	16	DCFS-Family Pres.	26	FFP
7	Path McKinney Grant	17	DCFS-AB1733	27	EPSDT-SGF
8	HIV Aids Grant	18	DCFS-AB2994	28	SB90
9	SAMHSA	19	DCFS-Starview	29	
10	Probation Schiff-Cardenas	20	DCFS-Hillview Tran Indep Living	30	

FUNDING SOURCE(S):

(Select from Funding Sources listed above)

AMOUNT FISCAL YEAR MCA
Increase(Decrease)

Realignment	(\$253,383)	02-03	\$ 903,351
	(\$253,383)	03-04	\$ 903,351

AMENDMENT ACTION(S)

EFFECTIVE DATE

Amendment No. 1 deletes life support/board & care services totaling \$253,383 from the Agreement for Fiscal Years (FY) 2002-2003 and 2003-2004. The new MCA is \$903,351 for FYs 2002-2003 and 2003-2004.

New Headquarters Address: _____

Sup. Dist.: _____

Svc. Area: _____

ADD OR DELETE SERVICE SITE(S):

Name	Address	Sup. Dist.	Svc. Area	Prov. No.