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DEPARTMENT OF PUBLIC SOCIAL SERVICES
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January 26, 2010

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:

RECOMMENDATION TO APPROVE AN INCREASE IN THE MAXIMUM CONTRACT SUM TO THE EMPLOYABILITY SCREENING SERVICES FOR GENERAL RELIEF APPLICANTS/PARTICIPANTS CONTRACT WITH QTC MEDICAL GROUP, INC., CONTRACT #76383 (ALL DISTRICTS - 3 VOTES)

SUBJECT

The Department of Public Social Services continues to require the services of QTC Medical Group, Inc., to provide Employability Screening Services to General Relief (GR) applicants/participants, who state that they are unable to participate in the mandatory employment program due to a physical disability.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair to sign the attached Amendment between the County of Los Angeles Department of Public Social Services (DPSS) and QTC Medical Group, Inc. The Amendment will be effective January 26, 2010, or upon the Board of Supervisors' approval, whichever is later, through November 30, 2010. The current contract maximum amount of $7,927,682 ($7,727,682 for the Employability Screening Services and $200,000 for the Comprehensive Medical/Mental Evaluations) will be increased to $12,027,682. The increase of $4,100,000 to the new total contract maximum amount is exclusively for Employability Screening Services. The Department will be able to absorb this additional cost within its Fiscal Year (FY) 2009-10 budget, and the FY 2010-11 cost is included in the Department's initial budget request as part of the baseline expenditures for the GR Program.

2. Delegate authority to the Director of DPSS to prepare and sign amendments to the contract to increase the contract amount by no more than ten percent when the change is necessitated by additional and necessary services. The approval of County Counsel and the Chief Executive Office (CEO) will be obtained prior to executing such amendments.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

QTC Medical Group Inc., a private-for-profit organization which provides medical and mental disability benefits examinations and record review services for federal, State and local government agencies, was awarded the Employability Screening Services contract, on November 6, 2007. This is a three-year term contract, effective December 1, 2007 through November 30, 2010, at a cost of $7,727,682. This is a Proposition A contract, with Board-delegated authority for the DPSS Director to renew for two additional one-year terms. Amendment Number One was approved by the Board on July 29, 2008. The Department of Public Social Services required the services of QTC Medical Group, Inc., to provide comprehensive medical/mental evaluations for physically and mentally disabled participants in the GR to Supplemental Security Income (SSI) project, for the purpose of providing medical documentation in support of their SSI application. The cost of Amendment Number One was $200,000 for the one-year term, effective July 30, 2008 through July 29, 2009.

As a result of the dramatic increase in the GR caseload, the number of individuals needing an employability screening also increased. As a result, projected costs for employability screening are greater than the maximum amount of the current employability screening contract. There is no set cost, but instead QTC charges per employability screening. From December 2007 – November 2009, QTC conducted 188,091 screenings, at an average cost of $38.14 per screening. Of the maximum contract amount of $7,727,682 for employability screenings, $7,173,800 has been exhausted from December 2007 through November 2009. The remaining balance of $553,882 will cover employability screening services, for the month of December 2009 and part of January 2010.

Effective January 14, 2010, referrals to QTC were suspended. On January 14 through 15, per instructions from DPSS, QTC did not complete scheduled employability screenings. On January 15, QTC offered to complete scheduled employability screenings at no cost to the County from January 19 through 26. With concurrence from County Counsel and the CEO, on January 17, DPSS accepted this offer from QTC, and on January 19, 2010, QTC resumed employability screenings for already-scheduled GR applicants/participants.

Amendment Number Two to the Employability Screening Services Contract seeks to increase the total maximum contract amount to $12,027,682. The proposed amended contract with QTC would ensure the County provides Employability Screening Services for GR applicants/participants. The increase of $4,100,000 to the new total contract maximum amount is exclusively for Employability Screening Services.

CORRECTIVE ACTION PLAN

Under established DPSS protocol, when a contract reaches 75% of the average annual contract amount, action is taken to determine how the Department will continue to provide services for the duration of the contract period. DPSS staff assigned to work on this contract initiated this review process in December 2009, when expenditures reached 72% of the average annual contract amount. Since this process did not result in a timely determination that a contract amendment was needed, the Department has reassessed its current process tied to the expenditure of 75% of the contract amount and will implement the following corrective actions:

1. Effective immediately, the Department's Contract Management Division (CMD) staff will review the eCAPS Contract Budget 75% Expended Report on a monthly basis to determine when a contract amendment may be needed to increase the maximum contract amount based on the contract period. All contracts will be reviewed to identify those where the expenditure trend indicates that the maximum contract amount will be reached before the end of the contract. An alert will be issued to the County Contract Administrator for appropriate action.

2. Effective immediately, a budget adjustment is required in any year of a multi-year contract; the Department will re-evaluate the budget amount for any remaining contract years.

3. By December 2010, DPSS will complete the process of centralizing all financial Contracts within the Department's CMD. The Employability Screening Services Contract is one of the few financial Contracts that is not currently administered by CMD. The Department has implemented a plan to reassign all financial Contracts to CMD, and implementation of that plan is scheduled to be completed in FY 2010-11.

In addition, the contract requires the Contractor to maintain a system of record-keeping that will allow the Contractor to determine when it has incurred 75% of the total contract authorization under this Contract. Upon occurrence of this event, the Contractor is required to send written notification to the County. The Contractor reached the 75% threshold in August 2009, and failed to provide the required notice to the County. The Contractor will be sent a Contract Discrepancy Notice on this issue. The Contractor will be given ten days to respond with corrective action measures.

IMPLEMENTATION OF COUNTYWIDE STRATEGIC GOALS

Contracting for Employability Screening Services is consistent with the principles of the Countywide Strategic Plan's Goal #1, Service Excellence, Strategy #1, to develop user-friendly service standards and Strategy #2, to implement seamless service delivery systems. These services are provided at no cost to the participant.

FISCAL IMPACT/FINANCING

Amendment Number Two to the GR Employability Screening Services contract which expires on November 30, 2010, would increase the contract amount from $7,927,682 to $12,027,682, exclusively for employability screening services. The new total contract maximum amount would be increased by $4,100,000.

There is sufficient funding for this amendment in the Department FY 2009-10 Final Adopted Budget and the FY 2010-11 costs will be included in the Department's initial budget request as part of the baseline expenditures for the GR Program.

If the Contract is not amended to increase the maximum contract amount, there would be no employability screenings from January 27, 2010 through November 30, 2010. The overall result would be an increase in the GR caseload for the following reasons:

- The number of GR participants classified as temporarily unemployable will increase because all participants who are currently classified as temporarily unemployable will remain unemployable through November 30, 2010 and will not be reassessed. These individuals will remain on GR with no time limits and no obligation to participate in General Relief Opportunities for Work (GROW) or pursue SSI.

- Absent an employability screening, the Department will have to accept an applicant's/participant's statement that he/she cannot work. This would likely result in an increase in the number of individuals who will self-identify as unemployable, since individuals who currently self-declare that they are employable may identify themselves as unemployable if they are aware that no employability screening exists to prove otherwise. These individuals will remain on GR with no time limit and no obligation to participate in GROW.

- There will be a reduction in GR application denials and case terminations, since there will be no denials/terminations during this period for failure to keep employability screening appointments.

If the average monthly GR caseload from February through November 2010 increased by more than 1800 (about 2% of the current GR caseload) as a result of the suspension of employability screenings, the additional GR grant costs would exceed the cost of amending the employability screening contract. In addition, the GR caseload would be higher as of December 2010, so there would continue to be additional grant costs after the planned December 2010 implementation of disability assessments in lieu of employability screenings. It would not be possible to immediately conduct assessments for the entire backlog, if there were no employability screenings for a ten month period.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The GR Employability Screening Services contract was awarded to QTC Medical Group, Inc., on November 6, 2007. There are nine QTC clinics in L.A. County performing Employability Screening Services for GR applicants/participants. This is a Proposition A contract. The contract was executed on December 1, 2007, for a three-year term, providing Board-delegated authority for the DPSS Director to renew for two additional one-year terms.

Amendment Number One was approved by the Board on July 29, 2008. The County entered into a contract with QTC Medical Group, Inc. to provide comprehensive medical/mental evaluations for physically and mentally disabled participants in the GR to SSI Project, for the purpose of obtaining medical documentation in support of their SSI application. The added services were for one year, from July 30, 2008 through July 29, 2009. The maximum amount for this contract amendment for the one-year period was $200,000, financed with 100 % net County Cost. Amendment Number One resulted in increasing the total maximum contract to $7,927,682.

Approval of this contract amendment will enable the County to provide GR Employability Screening Services through November 30, 2010. This amendment will not result in unauthorized disclosure of confidential information and will be in full compliance with federal, State and County regulations.

The recommended Amendment Number Two is necessary to comply with the State law and the Los Angeles County Code (Section 2.102.120) and ensure the County provides Employability Screening Services for GR applicants/participants.

This Board Letter has been reviewed by County Counsel and the CEO. The contract amendment has been approved as to form by County Counsel and the CEO.

The Contractor will not be asked to perform services which will exceed the approved contract amount, scope of work, or contract dates.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended action will not infringe on the role of the County in relationship to its residents. The County's ability to respond to emergencies will not be impaired. There is no change in risk exposure to the County.

CONCLUSION

The Executive Office, Board of Supervisors, is requested to return one (1) adopted stamped Board Letter and five (5) original signed copies of each agreement to DPSS.

Respectfully submitted,

Philip L. Browning
Director

PLB:ld

Attachment

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