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John F. Schunhoff, Ph.D.
Chief Deputy Director

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

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To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners.

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COUNTY OF LOS ANGELES

#A-4 JUNE 21, 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

June 21, 2011

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: Mitchell H. Katz, M.D.
Director

SUBJECT: **RECOMMENDATION FOR DELEGATED AUTHORITY TO EXECUTE AGREEMENT WITH HEALTH MANAGEMENT ASSOCIATES FOR CONSULTANT SERVICES FOR AMBULATORY CARE RESTRUCTURING AND OTHER INITIATIVES REQUIRED FOR THE CALIFORNIA 1115 WAIVER (*Board Agenda Item A-4, June 21, 2011*)**

On November 2, 2010, California Department of Health Services (CDHS) and Centers for Medicare and Medicaid (CMS) entered into a new 1115 Waiver, commonly known as the *California Bridge to Reform*, for a five year period, commencing November 1, 2010. This Waiver provides the framework to federal Health Care Reform in 2014 for Medicaid Coverage Expansion (MCE) enrollees who are adults, aged 19-64, with incomes at or below 133% of the Federal Poverty Level (FPL) and who meet citizenship or legal residence requirements. The Waiver will provide health care coverage expansion, continued partial funding of public hospitals' uncompensated costs, new funding for delivery system improvements at public hospitals, Medi-Cal Managed Care for Seniors and Persons with Disabilities (SPDs), and federal matching funds for various State-only funded programs.

On December 14, 2010, your Board authorized the Department of Health Services (DHS) to submit action items related to the 1115 Waiver to your Board on a standing agenda item designated as A-4. This memo requests your Board's approval of a recommendation of delegated authority to execute an agreement with Health Management Associates (HMA) for consultant services to assist DHS with its ambulatory care restructuring and other initiatives to implement the California 1115 Waiver.

BACKGROUND

As a result of a Request for Statement of Qualifications solicitation process conducted by the Chief Executive Office (CEO) in February/March 2009, HMA was selected as one of two firms advancing to the contract negotiations phase to select an independent review entity contractor. As part of that phase of the process, agreements were executed with each firm, under the

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CEO's delegated authority, to complete pilot study projects with separate scopes of work and to make presentations to your Board. Based on input from your offices, HMA was selected to evaluate the DHS Office of Managed Care (OMC)/Community Health Plan (CHP) and its readiness for pending health reform changes.

On April 13, 2010, your Board approved, in concept, the HMA report and recommendations on its evaluation of the DHS Office of Managed Care (OMC)/Community Health Plan (CHP) and its readiness for pending health reform changes. On September 21, 2010, the report of the DHS Ambulatory Care Restructuring Steering Committee was presented to your Board with a plan for implementing its recommendations. Since that time, as previously reported to your Board, the CEO has extended and increased the delegated authority agreement with HMA to provide support to DHS in implementing its ambulatory care restructuring plan, as well as in negotiations with L.A. Care on both the transition of current CHP product lines to L.A. Care, and the transition of the Seniors and Persons with Disabilities to Medi-Cal Managed Care within the critical timelines needed for completion. The current CEO delegated authority agreement expires on June 30, 2011.

SCOPE OF WORK FOR NEW HMA AGREEMENT

HMA will provide consultant services for the following projects:

1. Ambulatory Care/Managed Care Restructuring. HMA will provide ongoing support for DHS in implementing its ambulatory care and managed care restructuring, with specific work on primary care medical homes, specialty care, coordination with Community Partners, implementation of the new DHS Division of Ambulatory Care, and redeployment of Community Health Plan staff to MSO functions.

2. Initiatives to coordinate care among DHS, the Department of Mental Health (DMH), and the Department of Public Health (DPH). HMA will assist DHS, DMH, and DPH with developing and implementing specific initiatives for coordinating and integrating care of patients shared by the three departments.

3. DHS interaction with Correctional Health. As part of its ambulatory care restructuring, DHS is reviewing its Juvenile Court Health Services unit, which provides care to juveniles in Probation facilities. HMA will provide consultation to this effort.

4. Clinic productivity cost review. HMA will provide consultation to DHS Ambulatory Care and Finance in analyzing clinic productivity with the goal of providing greater clinic capacity within existing resources.

5. Medical Home 90/10 initiative. HMA will provide consultation to DHS, DMH and DPH in the development of a plan and implementation of a medical home for designated patients which will be eligible for the enhanced (90%) FMAP for two years as part of the Affordable Care Act.

6. Development of lower level of care relationships. One of the strategies for reducing denied days at DHS hospitals is to identify lower levels of care facilities to which patients may be discharged. HMA will assist with this effort.

Specific to the ambulatory care portions of the scope of work, which constitute the majority of the HMA effort during the next six months, the proposed agreement continues the approach of gradually phasing out HMA's involvement as DHS staff are able to take on and continue the work. During the last half of 2010, HMA provided support to the Ambulatory Care Task Force in developing the restructuring plan and then beginning its implementation. During the first half of 2011, DHS identified leadership for its Ambulatory/Managed Care Division and began to create the organizational structure, using existing resources, to implement this plan. Notwithstanding this phase-out effort, however, the additional resources available via the recommended HMA consultant contract are critical to DHS and the other affected County Departments in continuing the restructuring of the County health delivery system within the framework of the 1115 Waiver transition to health reform.

FUNDING/FISCAL IMPACT

The proposed maximum obligation is $999,542. Funding is available in the recommended County budget for FY 2011-12. Successful implementation of the ambulatory care restructuring will create the opportunity for significant increased federal revenues under the Waiver's Low Income Health Program (Medicaid Coverage Expansion).

RECOMMENDATION

It is recommended that your Board delegate authority to the Director of Health Services, or his designee, to execute an agreement with Health Management Associates, effective July 1, 2011 through December 31, 2011, with a maximum obligation of $999,542, for consultant services to continue to assist DHS with ambulatory care transformation and other initiatives for implementation of the new California 1115 Waiver, subject to review and approval by County Counsel and the Chief Executive Office.

If you have any questions or need additional information, please contact me or John Schunhoff, Ph.D., Chief Deputy Director of Health Services, at (213) 240-8370.

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