



ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#12 JULY 26, 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Los Angeles County
Board of Supervisors

July 26, 2011

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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:

Mitchell H. Katz, M.D.
Director

**RECOMMENDATION FOR DELEGATED AUTHORITY TO EXECUTE
AMENDMENTS AND CONTRACT ASSIGNMENTS/DELEGATIONS AND
GIVE TERMINATION NOTICES UNDER AGREEMENTS WITH THE
CALIFORNIA MANAGED RISK MEDICAL INSURANCE BOARD, L.A. CARE
HEALTH PLAN AND CHP PROVIDERS
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

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

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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*

SUBJECT

Request delegated authority for contractual actions necessary to implement the next stage of the policy direction approved by your Board to transition the Community Health Plan staff to serve as the Medical Service Organization function for DHS, concentrate DHS resources on being the key provider of health care for Medi-Cal and uninsured populations in Los Angeles County, and transition all lines of business from the CHP to L.A. Care to assume all health plan functions.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Delegate authority to the Director of Health Services, or his designee, to execute amendments to existing provider agreements with L.A. Care Health Plan, to include all Medi-Cal Managed Care categories of enrollees and all Healthy Families categories of enrollees, effective August 1, 2011, subject to review and approval by County Counsel and the Chief Executive Office and notification to your Board

2. Delegate authority to the Director of Health Services, or his designee, to



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execute amendments and contract assignments/delegations to L.A. Care, and give appropriate notices, including termination, under existing Community Health Plan (CHP) agreements with L.A. Care and the California Managed Risk Medical Insurance Board (MRMIB), to transition the enrollees in CHP Medi-Cal Managed Care and Healthy Families, respectively, to L.A. Care with varying effective dates, necessary to transition enrollees effective January 1, 2012, subject to review and approval by County Counsel and the Chief Executive Office and notification to your Board.

3. Delegate authority to the Director of Health Services, or his designee, to execute Amendments and contract assignments/delegations to L.A. Care, and give appropriate notices, including termination, under CHP agreements with health care providers (e.g. physician groups and hospitals) for Medi-Cal Managed Care and Healthy Families enrollees to transition the CHP enrollees in Medi-Cal Managed Care and Healthy Families to L.A. Care, with varying effective dates necessary to transition enrollees effective January 1, 2012, subject to review and approval by County Counsel and the Chief Executive Office and notification to your Board.

4. Delegate authority to enter into one or more Letters of Agreement (LOAs) to continue necessary treatment of Seniors and Persons with Disabilities (SPDs) or other Medi-Cal Managed Care or Healthy Families enrollees to provide those unique healthcare services not offered by DHS to ensure patient continuity of care, with reimbursement at or near market rates, subject to review and approval by County Counsel and the Chief Executive Office and notification to your Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On March 1, 2011, your Board approved a recommendation to negotiate and execute Medi-Cal Managed Care provider agreements with L.A. Care for SPDs, effective March 1, 2001 through September 30, 2014, upon review and approval by County Counsel and the CEO, and with notice to your Board. Two provider agreements were negotiated and executed, effective May 1, 2011.

On March 29, 2011, your Board approved my policy recommendation that DHS transition the CHP staff to serve as the Medical Service Organization (MSO) for DHS, concentrate DHS resources on being the key provider of health care for Medi-Cal and uninsured populations in Los Angeles County, and transition all lines of business from the CHP to L.A. Care to assume all health plan functions, such transition occurring gradually, over the next year.

Since the completion of the SPD provider agreements, the County negotiating team (composed of representatives from CEO, DHS and County Counsel) has continued regular meetings with L.A. Care, concentrating on the implementation of the provider agreements for the SPDs, the coordination of behavioral health benefits, and beginning negotiations for the other CHP product lines, including In Home Supportive Services, with a target of transitioning these lines by the end of 2011. A task force of the negotiating teams has developed a detailed list of actions needed and a proposed time-line to accomplish this by January 1, 2012.

Transition of the Medi-Cal Managed Care and Healthy Families enrollees will require three basic categories of contractual and regulatory actions:

1. Amendment of the provider agreements with L.A. Care to include all Medi-Cal

Managed Care and Healthy Families enrollees. The negotiators propose to use the same contracts, but specific Divisions of Financial Responsibility (DOFRs) and pricing will apply to each line of business or enrollment category.

2. Notification of State agencies (MRMIB, CDHCS, and CDMHC, as appropriate) of the intended transfer.
3. Notification and contract termination or assignment/delegation of CHP sub-contracted providers and other contractors, as needed.

Transitioning the IHSS enrollees will have the added step of negotiating an agreement between the Personal Assistance Services Council (PASC) and L.A. Care and phasing out the existing agreement between PASC and CHP. We will return to your Board with a separate and subsequent recommendation for delegation concerning that product line.

The negotiators are also discussing the terms of an agreement which will serve as the long-term framework of the financial relationship between L.A. Care and the County, as the key safety net provider in the County. This agreement will include the ongoing use of cost-savings from the transition of all health plan functions from DHS (CHP) to L.A. Care to support the County safety net system. We will return to your Board with this agreement, prior to full execution of the delegated authority from this Board Letter.

Under the new SPD agreements assigning L.A. Care SPDs to DHS as the primary and hospital care provider, and the contemplated expansion to other L.A. Care Medi-Cal and Healthy Families enrollees, DHS is seeking authority to enter into LOAs to offer those limited and specialized necessary medical services that are not offered by DHS.

Implementation of Strategic Plan Goals

The recommended action supports Goal 4, Health and Mental Health, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The agreements will include targets for assignments of Medi-Cal Managed Care and Healthy Families enrollees to DHS providers, sufficient to maintain the revenues needed to support the County as a safety net provider.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Transition of each of the CHP product lines to L.A. Care requires a different set of contractual notifications, amendments, and terminations. This Board Letter contains all of the actions necessary to transition the Medi-Cal Managed Care and Healthy Families enrollees.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Successful implementation of these agreements, consistent with the policy recommendations approved by the Board on March 31, 2011, is part of the overall restructuring of DHS ambulatory care, as part of DHS' plan to reallocate resources and attention (e.g. to have CHP staff focus solely

The Honorable Board of Supervisors

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on performing the MSO function for DHS providers) to meet the needs under the 1115 Waiver.

Respectfully submitted,

A handwritten signature in black ink, reading "Mitchell Katz". The signature is written in a cursive, slightly slanted style.

Mitchell H. Katz, M.D.

Director

MHK:JFS:jp

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors