COUNTY OF LOS ANGELES

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

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Chief Deputy Director

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Medical Director

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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 No.: (213) 386-1297

October 23, 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 REQUEST FOR APPROPRIATION ADJUSTMENT FOR SHORT-DOYLE/MEDI-CAL SETTLEMENT PAYMENTS TO NON-GOVERNMENTAL AGENCIES (NGA) FOR FISCAL YEARS 1994-1995, 1995-1996, 1997-1998, 1998-1999, AND 1999-2000 (ALL SUPERVISORIAL DISTRICTS) (4 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the attached Request for Appropriation Adjustment (Attachments I and II) to increase the Department of Mental Health's (DMH) Fiscal Year (FY) 2003-2004 Services and Supplies by $6,429,000 fully funded with $3,821,000 in prior year Federal Financial Participation (FFP) Medi-Cal and $2,608,000 in unexpended funds from the Sales Tax Realignment trust account. The increase in appropriation will permit the DMH to make the following reimbursements:

   a. FY 1994-1995 Final Cost Report Settlements in the amount of $1,651,304 to the Department of Health Services (DHS) and three (3) Non-Governmental Agencies (NGAs) (Attachment III) funded with prior year FFP Medi-Cal.

   b. FY 1995-1996 Final Cost Report Settlements in the amount of $2,169,792 to DHS and thirteen (13) NGAs (Attachment IV) funded with prior year FFP Medi-Cal.

   c. FY 1997-1998 Audited Cost Report Settlements in the amount of $327,890 to twenty-three (23) NGAs (Attachment V) funded with unexpended funds from the Sales Tax Realignment trust account.

d. FY 1998-1999 DMH Interim Cost Report Settlement in the amount of $20,552 to the Child and Family Guidance Center and FY 1998-1999 Short-Doyle/Medi-Cal (SD/MC) Reconciliation Settlement in the amount of $758,872 to DHS funded with unexpended funds from the Sales Tax Realignment trust account.

e. FY 1999-2000 DMH Loan Reconciliation Settlement in the amount of $186,593 to Tri-City and FY 1999-2000 Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Settlements in the amount of $1,314,473 to twenty-two (22) NGAs (Attachment VI) funded with unexpended funds from the Sales Tax Realignment trust account.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

This is a routine Board action regularly requested of your Board to reimburse contractors at the end of the County and State audit and appeal processes. The audit and appeal processes lead to underpayment and overpayment determinations. In the event providers have been overpaid, they are required to pay back the amounts to the County; if providers have been underpaid, they are reimbursed the appropriate amounts. Board approval of the recommended appropriation adjustment will enable DMH to address underpayments to the providers and authorizes the appropriate payments to settle accounts with providers under their contracts.

Specifically, the $6,429,000 appropriation increase will enable DMH to make FYs 1994-1995, 1995-1996, 1997-1998, 1998-1999, and 1999-2000 Final Cost Report Settlement, Audited Cost Report Settlement, DMH Interim Cost Report Settlement, SD/MC Reconciliation Settlement, DMH Loan Reconciliation, and EPSDT Settlement payments to DHS and NGA contract agencies as required by Federal law and the Department's Mental Health Service Agreements. Subsequent steps in the audit and appeal processes may occur at future dates with potential adjustments to these contractor claims.

Your Board has previously approved multi-year Mental Health Service Agreements with Post-Contract Audit Settlement language stating that "In the event of a post-contract audit conducted by County, State, and/or Federal personnel, actual and allowable SFC (service function codes) units for NR (negotiated rates) services and actual and allowable costs for cost reimbursement services shall be determined for each Fiscal Year or portion thereof that this Agreement is in effect. For NR and CR (cost reimbursement) services, if the post-contract audit conducted by County, State, and/or Federal personnel determines that the amounts paid by County to Contractor for any NR SFC units furnished hereunder are less than the allowable pursuant to this Agreement and/or CR services, then the difference shall be paid by County to Contractor, provided that in no event shall County's Maximum

Contract Amount for the applicable Fiscal Year... be exceeded" (Paragraph 4, Financial Provisions, subparagraph P, Post Contract Audit Settlement (1) and (3)).

Your Board has also approved multi-year Mental Health Service Agreements with County Audit Settlement language stating that "If at any time during the term of this Agreement or at any time after the expiration or termination of this Agreement, authorized representatives of County conduct an audit of Contractor regarding the mental health services...and if such audit finds that County's dollar liability for such services... is more than payments made by County to Contractor, then the difference shall be paid to Contractor by County by cash payment, provided that in no event shall County's Maximum Contract Amount for the applicable Fiscal Year... be exceeded" (Paragraph 4, Financial Provisions, subparagraph R, County Audit Settlements).

Implementation of Strategic Plan Goals:

The recommended Board actions are consistent with the County's fourth goal — "Fiscal Responsibility" within the Countywide Strategic Plan. Board approval of this request will enable DMH to make payments due to contractors that resulted from post-contract reconciliation, audit, and appeal processes conducted by the County and/or State.

FISCAL IMPACT/FINANCING

There is no increase in net County cost. The appropriation increase of $6,429,000 is funded with $3,821,000 in prior year FFP Medi-Cal and $2,608,000 in unexpended funds from the Sales Tax Realignment trust account. The FFP Medi-Cal funds were received by the State on April 23, 2003 and June 13, 2003 for approved and audited services and are available in DMH's FFP trust account.

The unexpended funds in the Sales Tax Realignment trust account were generated from prior year revenues. Specifically, $656,000 of prior year FFP received from the State on June 26, 2002, and the remaining $1,952,000 from prior year State General Fund (SGF) paid by the State on June 17, 2002. The recognition of these prior year revenues results in use of Sales Tax Realignment funds in the Mental Health realignment trust account to be used for payment due to NGAs as a result of County and State reconciliation, audit and appeal settlement processes.

Upon Board approval, $3,821,000 of funds held in DMH's FFP trust account and $2,608,000 of funds held in DMH's Sales Tax Realignment trust account will be transferred to FY 2003-2004 revenue and disbursements issued.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

NGA providers have approved DMH Legal Entity Agreements with language stating that if in the event of post-contract audit settlements by County, State, and/or Federal personnel and contract audit settlements by authorized representatives of the County, and if such audits determine that the amounts paid are less than the allowable and/or County's liability for such services is more than payments made by County to Contractor, then the difference shall be paid to Contractor by County (Paragraph 4, Financial Provisions, subparagraph P, Post Contract Audit Settlement (1) and (3), and subparagraph R, County Audit Settlements).

Therefore, in accordance with the above referenced contract language, the following is due to and should be paid by County to Contractors accordingly: 1) per FY 1994-1995 final State audit settlements, the County owes DHS and three (3) NGA contractors a total of $1,651,304 (funds received from the State on April 23, 2003); 2) per FY 1995-1996 State audit settlements, the County owes $2,169,792 to DHS and to thirteen (13) NGA contractors (funds received from the State on June 13, 2003); 3) per FY 1997-1998 SD/MC State audit settlement, the County owes $327,890 to twenty-three (23) NGA contractors (funds were received on June 17, 2002); 4) per FY 1998-1999 County DMH reconciliation/settlement process, the County owes Child and Family Guidance Center $20,552, and per a SD/MC reconciliation process, the County owes DHS $758,872; and 5) per FY 1999-2000 DMH reconciliation/settlement and State EPSDT settlement processes, the County owes Tri-City $186,593 and twenty-two (22) NGA providers $1,314,473 (funds were received on June 17, 2002). Contractor payments are consistent with existing contract terms and will not exceed the current Maximum Contract Amounts.

CONTRACTING PROCESS

The subject does not apply as this request is consistent with existing contract terms in effect for the applicable fiscal years and NGA's Maximum Contract Amounts for the applicable fiscal years have not been exceeded.

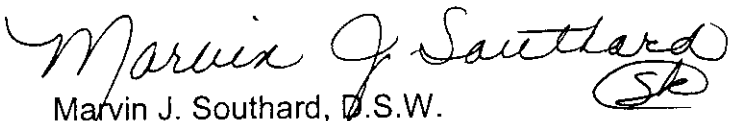
IMPACT ON CURRENT SERVICES

Your Board approval of this request will enable DMH to make FYs 1994-1995, 1995-1996, 1997-1998, 1998-1999, and 1999-2000 audit settlement and loan reconciliation FFP and State EPSDT payments to DHS and NGA contract agencies as legally required.

CONCLUSION

The Department of Mental Health will need one (1) fully executed copy of the 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:RK:LQ:JH

Attachments (6)

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

ATTACHMENT I

76R 352M (11.83)

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S. NO. 435

DEPARTMENT OF MENTAL HEALTH

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AUDITOR-CONTROLLER.
THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION

ADJUSTMENT REQUESTED AND REASONS THEREFOR

4-VOTES

Sources:

Department of Mental Health
FFP Medi-Cal
A01-MH-20500-9025
$3,821,000

Department of Mental Health
Sales Tax Realignment
A01-MH-20500-8899
$2,608,000

Uses:

Department of Mental Health
Services & Supplies
A01-MH-20500-2000
$6,429,000

This appropriation adjustment is needed to increase Services & Supplies appropriation for Short Doyle/Medi-Cal Settlement payments to mental health services contract providers for FY's 1994-1995, 1995-1996, 1997-1998, 1998-1999, and 1999-2000. This increase is fully funded by Federal Financial Participation (FFP) Medi-Cal revenue and one-time Realignment Sales Tax. There is no net county cost.

Marvin J. Southard
MARVIN J. SOUTHARD, D.S.W.
Director of Mental Health

CHIEF ADMINISTRATIVE OFFICER'S REPORT

REFERRED TO THE CHIEF ADMINISTRATIVE OFFICER FOR — ACTION / ✓ RECOMMENDATION

APPROVED AS REQUESTED 10/24/03 AS REVISED

CHIEF ADMINISTRATIVE OFFICER

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AUDITOR-CONTROLLER NO. 131

BY OCT 24 2003

APPROVED (AS REVISED): BOARD OF SUPERVISORS

BY

DEPUTY COUNTY CLERK

AUDITOR-CONTROLLER

Attachment II

Summary for Settlement Board Letter
$6,429,000

Attachment	Year		Amount	Due to:
III	FY 1994-1995	$	1,651,304	3 NGAs, DHS
IV	FY 1995-1996		2,169,792	13 NGAs, DHS
V	FY 1997-1998		327,890	23 NGAs
	FY 1998-1999		20,552	1 NGA
	FY 1998-1999		758,872	DHS
VI	FY 1999-2000		1,501,066	23 NGAs
	Rounding		(476)	
	GRAND TOTAL	**$**	**6,429,000**	

NGA = Non-Governmental Agencies
DHS = Department of Health Services

LOS ANGELES COUNTY - DEPARTMENT OF MENTAL HEALTH

Attachment III

Accounting Division/Settlement Unit

Final Cost Report Settlement

FY 1994-1995

COUNT	ENTITY NUMBER	LEGAL ENTITY NAME	FFP Amount owed to Providers
1	00183	Didi Hirsch	$ 14,657
2	00191	Greater Long Beach Child Guid.	220
3	00502-05	LAC - DHS	1,634,888
4	00208	San Fernando Valley CMHC	1,539
		Total FFP	**$ 1,651,304**

GRAND TOTAL	**$ 1,651,304**

LOS ANGELES COUNTY - DEPARTMENT OF MENTAL HEALTH
FINAL COST REPORT SETTLEMENT
Fiscal Year 1995-1996

COUNT	ENTITY NUMBER	LEGAL ENTITY NAME	FFP Amount owed to Providers
1	00173	ALMA	$ 163
2	00274	B.R.I.D.G.E.S.	576
3	00177	Beverlywood MHC	385
4	00180	Community Counseling	44
5	00188	Enki Health & Research	786
6	00191	Greater Long Beach Child Guid.	48
7	00508	Homes for Life Foundation	4
8	00195	Intercommunity Child Guid.	2,839
9	00203	Pacific Clinics	304
10	00209	San Pedro Residental	339
11	00215	Step Up on Second	175
12	00219	Transitional Living	15
13	00328	W.O.R.C.	4
		SUBTOTAL FFP	**$ 5,682**
	00502	Harbor/UCLA	347,060
	00503	Martin Luther King	752,371
	00504	LAC/USC	928,688
	00505	Olive View	135,991
		SUBTOTAL	**$ 2,164,110**

GRAND TOTAL TO BE PAID TO PROVIDERS AND DHS	**$**	**2,169,792**

LOS ANGELES COUNTY - DEPARTMENT OF MENTAL HEALTH
ACCOUNTING DIVISION - SETTLEMENT UNIT
AUDITED COST REPORT SETTLEMENT
FY 1997-1998

L.E. Count	Legal Entity #	Legal Entity Name Alpha Orders	Amount owed to Entity
1	00178	Cedars Sinai Medical Center	$ 2,426
2	00210	Child & Family Center (Santa Clarita Child & Family)	1
3	00321	Church Home for Children (Hillsides)	891
4	00327	Clontarf Manor, Inc.	1
5	00181	Community Family Guidance	18,627
6	00185	El Centro de Amistad, Inc.	471
7	00647	Five Acres - (The Boys & Girls Aid Society of LA)	3,860
8	00189	Fuller Theological Seminary	18,140
9	00191	Greater Long Beach Child Guidance	4,872
10	00206	Harbor View Rehab Center	180
11	00193	Health Research Assoc./USC Satellite Housing	4,250
12	00194	Hillview MHC	29,805
13	00171	Institute for the Redisign of Learning (Almansor Center)	428
14	00195	Intercommunity Child Guidance	324
15	00315	LAUSD 97th Street School	1,686
16	00198	Los Angeles Center for Therapy & Education	60,424
17	00201	National Foundation (PennyLane)	8,952
18	00212	Social Model Recovery	20,389
19	00213	South Bay Children's Health Center	1,123
20	00217	St. John's Health Center	80,636
21	00218	St. Joseph Center	7,055
22	00216	Stirling Academy	3,423
23	00221	Verdugo MHC	59,926
		Subtotal	327,890

GRAND TOTAL	**$ 327,890**

Los Angeles County - Department of Mental Health
Accounting Division
FY 1999 - 2000

Count	Entity Number	Legal Entity Name Alpha Orders	Amount Due Provider
		EPSDT SETTLEMENT	
1	00274	B.R.I.D.G.E.S., INC.	$ 11,146
2	00178	CEDARS-SINAI MEDICAL CENTER	3,681
3	00207	CHILD AND FAMILY GUIDANCE CENTER (SFV)	157,855
4	00783	CHILDNET YOUTH & FAMILY SERVICES	34,572
5	00668	CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA	100,324
6	00179	CHILDREN'S HOSPITAL LOS ANGELES	3,366
7	00591	CHILDREN'S INSTITUTE INTERNATIONAL	145,331
8	00321	CHURCH HOME FOR CHILDREN (HILLSIDES)	12,301
9	00779	COUNSELING AND RESEARCH ASSOC. (MASADA)	5,288
10	00647	FIVE ACRES-THE BOYS AND GIRLS AID SOCIETY OF LA	8,903
11	00190	GATEWAYS HOSPITAL	5,422
12	00191	GREATER LONG BEACH CHILD GUIDANCE CENTER	84,012
13	00194	HILLVIEW MENTAL HEALTH CENTER, INC.	6,391
14	00508	HOMES FOR LIFE FOUNDATION	1
15	00326	KOREAN YOUTH AND COMMUNITY CENTER	2,914
16	00780	LOS ANGELES ORPHANS HOME SOCIETY (HOLLYGROVE)	79,456
17	00781	OPTIMIST YOUTH HOMES	13,831
18	00205	PORTALS HOUSE	3,820
19	00784	ST. FRANCIS MEDICAL CENTER	231,897
20	00543	STAR VIEW ADOLESCENT CENTER	399,223
21	00108	TELECARE CORPORATION	4,025
22	00687	YOUTH INTERVENTION PROGRAM	714
		SUBTOTAL OF FY 1999-2000 STATE ESPDT SETTLEMENTS	1,314,473

		DMH RECONCILIATION	
23	00066	TRI-CITY	186,593
		SUBTOTAL OF FY 1999-2000 DMH RECONCILIATION	186,593

GRAND TOTAL	$ 1,501,066