COUNTY OF LOS ANGELES

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

SUSAN KERR
Chief Deputy Director

RODERICK SHANER, M.D.
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: (213) 386-1297

December 4, 2003

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:

APPROVAL OF AMENDMENT TO MENTAL HEALTH SERVICES AGREEMENTS – LEGAL ENTITY WITH CONTRACT PROVIDERS TO PROVIDE CASH FLOW ADVANCE FOR THE MONTH OF JANUARY 2004
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and instruct the Director of Mental Health or his designee to prepare, sign and execute amendments, substantially similar to Attachment I, to the Department of Mental Health (DMH) Legal Entity Agreements. For Fiscal Year (FY) 2003-2004, in the month of January, the amendments will extend the cash flow advance program, on a one-time basis, for one month from 3 to 4 months for non-Early Periodic Screening, Diagnosis, and Treatment (EPSDT) providers and 5 to 6 months for EPSDT providers to be made available to providers to maintain existing service levels pending the implementation of DMH's Integrated System (IS). There will be no change to each provider's Maximum Contract Amount. There will also be no change in DMH's Appropriation.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

Board approval is requested to authorize use of the amendment format to make available Cash Flow Advance for the month of January 2004 by amending existing agreements with the contract providers listed on Attachment II. While all of the contract providers listed on Attachment II have access to the Cash Flow Advance program, DMH anticipates that not all will request the Cash Flow Advance since they have continued billing units of service to the old Mental Health Management Information System (MHMIS). These contract providers are paid on the basis of actual billings that they have made to the MHMIS.

In anticipation of the implementation of DMH's IS to comply with the federal Health Insurance Portability and Accountability Act (HIPAA) mandate, the contract providers were informed that MHMIS would not be available to them for purposes of data entry from October 1, 2003 through October 15, 2003. The providers were requested to record their billing data for mental health services in the new HIPAA compliant format for subsequent entry into the IS; i.e., after October 16, 2003.

During the DMH IS implementation process it was determined that the quality of the new system was unacceptable to continue. At that time the providers were informed that they could enter billing data for mental health services into the old MHMIS. This resulted in a number of providers having data in two different and incompatible formats. For the period October 1, 2003 through October 15, 2003 the data would be HIPAA compliant using HIPAA approved transactions and code sets. For the period of October 16, 2003 and until the DMH IS is implemented, they could continue to enter data that was compliant with the older MHMIS.

Some contract providers indicated that clinical services would be disrupted. In addition, the cost and time required to recode all of the data accumulated would be cost prohibitive to the providers as this review and recoding would have to be done by a licensed clinician and, would have to be done in addition to their daily work. Therefore, it is recommended that this action be approved to provide the providers with operating capital until the HIPAA compliant data can be entered into the new DMH IS.

Implementation of Strategic Plan Goals

The recommended Board action is consistent with the County's Programmatic Goals: Goal Five, 'Children and Families Well-Being'; Goal Six, 'Community Services'; and Goal Seven, 'Health and Mental Health'. This additional one-month of Cash Flow Advance will enable the providers who elect to request this one additional month to continue to provide the same level of services currently being provided by that agency.

FISCAL IMPACT/FINANCING

DMH will provide between $10 million and $36 million to contract providers for January 2004 Cash Flow Advances due to the potential delay to input actual service data into the DMH IS. DMH anticipates that some contract providers will continue to bill DMH through the existing MHMIS claiming system. Therefore, these contract providers will be reimbursed on actual services reported into the MHMIS and have no need to request Cash Flow Advances.

DMH's financing for the Cash Flow Advance program is accomplished by using existing appropriation in the Adopted Budget for the contract providers' Federal Financial Participation (FFP), EPSDT-SGF and other non Medi-Cal funding sources in the contract. The FFP, EPSDT-SGF and revenues from other funding sources will be received upon State and/or payor approval and payment of billed services. Since the FFP, EPSDT-SGF and other revenue sources have not been received, the appropriation used is financed with DMH's use of County General Funds (CGF). Those CGF are repaid to the County upon receipt of funding for the services provided.

There will be no net County cost because the CGF is repaid with the FFP, EPSDT-SGF, and revenue from other funding sources. Should the contract provider default on a Cash Flow Advance, County Counsel has provided an opinion that the loss can be paid with Realignment funds. The Realignment funds used to offset any paid debts are identified at the time the contract provider defaults on their obligation to repay the County.

The recovery of the January 2004 Cash Flow Advances will be initiated by DMH in April 2004 and will be concluded within eight (8) months or before September 30, 2004.

January 2004 Cash Flow Advances will be based on either the lower of one-twelfth (1/12) of the Maximum Contract Amount or the dollar value of September 2003 paid claims. In either case, Cash Flow Advances will not exceed one-twelfth of the Maximum Contract Amount nor will FY 2003-2004 total disbursements by County to contract providers for Cash Flow Advances and actual services exceed the FY 2003-2004 Maximum Contract Amount.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

DMH entered into an agreement with Sierra Systems Group, Inc. (SSG) for a complete and fully operational HIPAA compliant system on September 3, 2002. The federal mandate for HIPAA compliance for all plans, providers, clearinghouses, etc. was October 16, 2003. Despite the October 16th compliance date, the state of California, in common with many other entities, has also not been able to process HIPAA compliant claims. The federal government is aware of these problems and acknowledges that practical compliance will occur at a later date. DMH continues to work with SSG and the State to meet their compliance obligations. In the ensuing interval, SSG and DMH endeavored to create and deploy a new system that would encapsulate the current MHMIS such that HIPAA billing transactions entered by providers and directly operated clinics could be processed for reimbursement by MediCal and/or Medicare.

On October 15, 2003 after reviewing the outcome from intermediate steps, it was decided that the new IS was not ready for full operational implementation. Providers under contract to the County had expressed concern for their financial situation as transaction reflecting mental health services delivered during the period October 1, 2003 through October 15, 2003 were coded by the treating clinician to be HIPAA compliant but the new system was not available for them to input the data.

For prior periods and periods subsequent to October 16, 2003, the providers were instructed to enter their data in DMH's MHMIS in the old (non-HIPAA compliant) format. The issue was how to process those transactions for the October 1st through 15th period as recoding by the treating clinician would be time consuming and expensive. To minimize the financial impact to the providers they were requested to hold those HIPAA compliant transactions until the new IS was operational at which time they could be entered for processing and payment.

CONTRACTING PROCESS

All providers listed in Attachment II have a current DMH Legal Entity Agreement.

IMPACT ON CURRENT SERVICES

Board approval of this action will enable our contract providers to maintain current service levels pending the final completion of DMH's IS.

CONCLUSION

The Department of Mental Health will need one (1) copy of the adopted Board's action. It is requested that the Executive Officer of the Board notifies the Department of Mental Health's Contract Development and Administration Division at (213) 738-4684, when this document is available.

Respectfully submitted,

SHAWER
MHS DIR

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

MJS:RK:CK:RL

Attachments (2)

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

ATTACHMENT I

CONTRACT NO. _____

AMENDMENT NO. _____

THIS AMENDMENT is made and entered into this ___day of _____, _____, by and between the COUNTY OF LOS ANGELES (hereafter "County") and _____ _____ (hereafter "Contractor").

WHEREAS, County and Contractor have entered into a written Agreement, dated _____, identified as County Agreement No. _____, and any subsequent amendments (hereafter collectively "Agreement"); and

WHEREAS, for the month of January of Fiscal Year 2003-2004 only, County and Contractor intend to amend Agreement only as described hereunder; and

WHEREAS, Notwithstanding any other provision of this Agreement, except as it relates to payment of the Cash Flow Advance for the month of January of FY 2003-2004 only, that because of the unanticipated delays in the transition into DMH's new Integrated System, it is the understanding of both parties that this Agreement will be amended to reflect special terms and conditions for Cash Flow Advance for the month of January of Fiscal Year 2003-2004 only; and

WHEREAS, the Cash Flow Advance for the month of January of Fiscal Year 2003-2004 only, is intended to provide funds to reimburse Contractor for services and/or activities eligible for reimbursement from the County, State and Federal governments until the Contractor has rendered the services and/or activities and

the State and Federal governments have made payment for such services and/or activities; and

WHEREAS, the Contractor may request, in writing, Cash Flow Advance from County for the month of January of Fiscal Year 2003-2004 only; and

WHEREAS, County may at its sole discretion grant an amount not to exceed $_____ for the month of January of Fiscal Year 2003-2004 only; and that the Maximum Contract Amount shall remain the same; and

WHEREAS, County and Contractor intend to amend Agreement to add contract monitoring language to protect against contract overruns and require that Contractor notify the County when the Maximum Contract Amount has been incurred up to 75%, and when the contract is within six months of expiration; and

WHEREAS, County and Contractor intend to amend Agreement to include the Board-mandated Preamble, which is incorporated herein by reference as though fully set forth; and

WHEREAS, County and Contractor agree that the Preamble establishes that the basis for this Agreement is the provision of the highest level of quality services to improve outcomes for children and families, and that the County and its contracting partners are the foundation for the provision of services and must share this commitment to excellence.

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

1. Cash Flow Advance shall be available only for **the month of January of Fiscal Year 2003-2004**. The total amount of the monthly Cash Flow Advance payment shall not exceed $ _____ for **the month of January of Fiscal Year 2003-2004**. Director in his sole discretion shall determine whether to approve the request and, if approved, whether the request is approved in whole or in part.

2. Subparagraph E "Six Months Notification of Agreement Expiration" shall be added to Paragraph 1 (TERMS):

"E. Six Months Notification of Agreement Expiration: Contractor shall notify County when this Agreement is within six (6) months of expiration. Contractor shall send such notice to those persons and addresses which are set forth in Paragraph 57 (Notices)."

3. 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 _____

_____ DOLLARS ($_____

_____) and shall consist of County, State, and/or Federal funds as shown 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. Furthermore, Contractor shall inform County when up to seventy-five (75%) of the Maximum Contract Amount has been incurred. Contractor shall send such notice to those persons and addresses which are set forth in Paragraph 57 (NOTICES).

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 _____

_____

_____ DOLLARS ($_____

_____) and shall consist of County, State, and/or Federal funds as shown 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. Furthermore, Contractor shall inform County when up to seventy-five (75%) of the Maximum Contract Amount has been incurred. Contractor shall send such notice to those persons and addresses which are set forth in Paragraph 57 (NOTICES).

(2) Reimbursement For Second Automatic Renewal Period: The Maximum Contract Amount for the Second Automatic Renewal Period of this Agreement as described in Paragraph 1 (TERM) shall not exceed _____

_____

_____DOLLARS ($_____) and shall consist of County, State, and/or Federal funds as shown 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 Second Automatic Renewal Period. Furthermore, Contractor shall inform County when up to seventy-five (75%) of the Maximum Contract Amount has been incurred. Contractor shall send such notice to those persons and addresses which are set forth in Paragraph 57 (NOTICES)."

4. Contractor shall provide services in accordance with the Contractor's Fiscal Year _____ 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 or his designee, 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.

COUNTY OF LOS ANGELES

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

_____
CONTRACTOR

By _____

Name _____

Title _____
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL

LLOYD W. PELLMAN
County Counsel

APPROVED AS TO CONTRACT
ADMINISTRATION:

DEPARTMENT OF MENTAL HEALTH

By _____
Chief, Contracts Development
and Administration Division

RBLs H: TempCFA_AmendFY03-04.doc Final/12/05/03

LOS ANGELES COUNTY - DEPARTMENT OF MENTAL HEALTH
PROVIDER REIMBURSEMENT - CONTRACT LISTING
FISCAL YEAR 2003-2004
AS OF November 4, 2003

ATTACHMENT II

No.	Organization Name Legal Entity Name (dba) - per Contract	FYE 2004 Contract Number	Maximum Contract Amount (MCA)	Negotiated Rate Contracts 1/12 OF MCA
1	1736 Family Crisis Center	01433	$ 378,000	$ 31,500
2	Alcott Center for Mental Health Services	01493	1,285,275	107,106
3	ASC Treatment Group (Anne Sippi)	01435	420,278	35,023
4	Asian American Drug Abuse Program, Inc	01392	336,000	28,000
5	Asian Rehabilitation Services, Incorporated	01494	196,717	16,393
6	Aspen Health Services Corporation	01495	2,390,273	199,189
7	Assoc League Of Mex-Amer dba ALMA Family Svcs	01437	3,352,482	279,374
8	Aurora Charter Oak, LLC (Charter Behav Hlth Sys)	00908	1,175,300	97,942
9	B.R.I.D.G.E.S.	01439	2,086,189	173,849
10	Barbour and Floyd Associates	01496	2,035,262	169,605
11	Bienvenidos Children's Center, Inc.	01438	2,456,000	204,667
12	California Hispanic Commission	01391	1,128,000	94,000
13	Caring for Children and Families with AIDS	01499	1,238,000	103,167
14	Cedars-Sinai Medical Center (Thalians)	01500	1,176,831	98,069
15	Center for Healthy Aging (Sen Hlth & Peer Counseling)	01501	438,846	36,571
16	Child and Family Center (Santa Clarita Valley Child)	01440	5,503,613	458,634
17	Child and Family Guidance Center (SFV)	01502	17,452,345	1,454,362
18	ChildNet Youth and Family Services, Inc.	01503	7,468,236	622,353
19	Children's Bureau of Southern California	01441	7,069,367	589,114
20	Children's Hospital of Los Angeles	01442	7,074,919	589,577
21	City of Gardena	01504	93,885	7,824
22	Clontarf Manor	01444	811,361	67,613
23	College Hospital - Cerritos	00936	930,750	77,563
24	Community Counseling Service of Los Angeles, Inc.	01446	5,743,825	478,652
25	Community Family Guidance Ctr (Fam Youth & Stars)	01505	3,765,303	313,775
26	Couns. & Research Assn, Inc (Masada Homes)	01507	5,961,976	496,831
27	Counseling 4 Kids	01506	3,173,000	264,417
28	Devereux Foundation dba Santa Barbara County	01508	2,795,758	232,980
29	Dubnoff Center for Child Development	01509	1,624,701	135,392
30	D'Veal Corp (D'Veal Family and Youth)	01510	4,505,457	375,455
31	El Centro De Amistad, Incorporated	01448	1,573,881	131,157
32	ENKI Hlth and Research, Sys, Inc. (Children & Youth)	01511	20,697,452	1,724,788
33	Enrichment Through Employment	01512	63,656	5,305
34	Ettie Lee Homes, Inc.	01450	2,035,057	169,588
35	Exodus Recovery, Inc.	01451	2,166,123	180,510
36	FH & HF Torrance I, LLC dba Sunnyside Rehab	01513	903,351	75,279
37	Filipino-American Services Group, Incorporated	01514	58,881	4,907
38	Five Acres - The Boys and Girls Aid Society	01452	7,548,057	629,005
39	Florence Crittenton Svcs of Orange County, Inc	01587	1,750,000	145,833
40	Foothill Family Service	01453	4,956,592	413,049
41	For The Child (Cedar House)	01454	1,006,430	83,869
42	Gateways Hospital and Mental Health Center	01455	9,566,260	797,188
43	Gay & Lesbian Adol Soc Svcs (GLASS)	01456	2,075,955	172,996
44	Hamburger Home (Aviva)	01516	5,158,076	429,840
45	Harbor View Center (Regency)	01517	3,380,396	281,700
46	Hathaway Children and Family Services	01457	9,948,460	829,038
47	Health View Inc. (San Pedro)	01459	842,011	70,168
48	Heritage Cl & the Comm Assis Prog for Srs dba Geronet	01519	368,898	30,742
49	Hillsides Home for Children (Church Home)	01461	7,435,537	619,628
50	Hillview Mental Health Center, Inc	01520	7,060,239	588,353
51	Homes for Life Foundation	01521	859,552	71,629

LOS ANGELES COUNTY - DEPARTMENT OF MENTAL HEALTH
PROVIDER REIMBURSEMENT - CONTRACT LISTING
FISCAL YEAR 2003-2004
AS OF November 4, 2003

ATTACHMENT II

No.	Organization Name Legal Entity Name (dba) - per Contract	FYE 2004 Contract Number	Maximum Contract Amount (MCA)	Negotiated Rate Contracts 1/12 OF MCA
52	Institute for Applied Behavioral Analysis	01522	200,000	16,667
53	Institute for the Redesign of Learning (Almansor)	01523	4,552,592	379,383
54	Intercommunity Child Guidance Center	01462	3,281,619	273,468
55	Kedren Comm MH Center	01464	19,259,687	1,604,974
56	Los Angeles Center For Therapy and Education dba The Help Group	01460	7,852,673	654,389
57	Los Angeles Child Guidance Clinic	01468	11,471,917	955,993
58	Los Angeles County Office of Education	01524	220,154	18,346
59	Los Angeles Orphan's Home Society dba Hollygrove	01525	3,178,052	264,838
60	Los Angeles Unified School District	01526	1,978,468	164,872
61	Maryvale	01527	2,365,067	197,089
62	McKinley Children's Center, Inc	01528	2,412,561	201,047
63	Metropolitan State Hospital	01283	200,000	16,667
64	National Foundation for the Treatment (Penny Lane)	01530	11,851,935	987,661
65	New Directions, Inc.	01429	175,000	14,583
66	Olive Crest Treatment Centers, Inc	01474	1,026,999	85,583
67	One in Long Beach, Inc.	01531	143,641	11,970
68	Optimist Youth Homes	01532	4,420,729	368,394
69	Pacific Clinics	01533	46,293,844	3,857,820
70	Pasadena Children's Training Society (Sycamores)	01476	12,551,377	1,045,948
71	Pasadena Residential Care Center dba The Rehab Program at PRCC, Inc.	01535	180,000	15,000
72	Phoenix Houses of Los Angeles, Inc.	01534	1,665,000	138,750
73	Portals	01478	11,575,002	964,584
74	Research and Treatment Institute, Inc	01479	1,943,392	161,949
75	Rosemary Children's Services	01480	1,683,000	140,250
76	San Fernando Valley Community MHC	01537	20,202,228	1,683,519
77	SHIELDS for Families Project, Inc.	01538	5,151,132	429,261
78	South Bay Children's Health Center	01539	691,265	57,605
79	South Central Health & Rehab Program (SCHARP)	01540	4,831,976	402,665
80	Special Service For Groups	01541	12,097,899	1,008,158
81	SPIRITT Family Services, Inc	01390	456,000	38,000
82	St. Francis Medical Center - Children's Couns.	01543	954,032	79,503
83	St. Joseph Center	01544	491,786	40,982
84	Star View Adolescent Center	01542	17,094,977	1,424,581
85	Step-Up On Second Street, Inc.	01545	2,151,731	179,311
86	Stirling Academy, Incorporated	01484	1,862,037	155,170
87	Tarzana Treatment Center, Inc	01394	818,000	68,167
88	The Children's Center of the Antelope Valley	01547	462,000	38,500
89	The Los Angeles Free Clinic	01469	23,430	1,953
90	The Regents / UCLA Ties for Adoption	00964	2,326,281	193,857
91	Topanga-Roscoe Corporation (Topanga West)	01485	546,274	45,523
92	Transitional Living Centers	01548	1,699,848	141,654
93	Tri-City Mental Health Center	01487	11,425,944	952,162
94	United American Indian Involvement, Inc.	01488	1,095,218	91,268
95	United Cambodian Community, Inc.	01489	120,114	10,010
96	VIP Community Mental Health Center	01550	2,754,000	229,500
97	Vista Del Mar Child and Family Services (Jewish)	01491	7,837,009	653,084
98	Western Region Asian Pacific (WRAP)	01554	1,451,314	120,943
99	White Memorial Medical Center	01406	1,000,000	83,333
100	Work Orientation and Rehabilitation Center	01553	308,665	25,722
	GRAND TOTAL		**$ 431,858,682**	**$ 35,988,224**