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DMH**

LOS ANGELES COUNTY DEPARTMENT OF MENTAL HEALTH  
500 S. VERMONT AVE., LOS ANGELES, CA 90020 HTTP://DMH.LACOUNTY.GOV



ROBIN KAY, PH.D.  
Acting Director

DENNIS MURATA, M.S.W.  
Acting Chief Deputy Director

RODERICK SHANER, M.D.  
Medical Director

September 06, 2016

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:

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

42 September 6, 2016

LORI GLASGOW  
EXECUTIVE OFFICER

**AUTHORITY TO EXECUTE A RETROACTIVE AMENDMENT TO DEPARTMENT OF MENTAL  
HEALTH SERVICES LEGAL ENTITY AGREEMENT WITH  
NEW DIRECTIONS, INC. FOR FY 2014-15  
(THIRD SUPERVISORIAL DISTRICT)  
(3 VOTES)**

**SUBJECT**

Request authority to execute a retroactive amendment to Department of Mental Health Legal Entity Agreement with New Directions, Inc. for Fiscal Year 2014-15.

**IT IS RECOMMENDED THAT THE BOARD:**

Delegate authority to the Acting Director of Mental Health, or her designee, to prepare, sign, and execute an amendment (Attachment I) to Department of Mental Health (DMH) Legal Entity (LE) Agreement Number MH121140 with New Directions, Inc. (New Directions) retroactive to June 11, 2015. The amendment will enable the DMH to provide payment in the amount of \$71, 019 to New Directors for mental health services provided by the contractor during Fiscal Year (FY) 2014-15; the \$71,019 will be funded by Federal Financial Participation (FFP) and State Mental Health Service Act (MHSA) revenue.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Board approval of the recommended action will allow DMH to amend the FY 2014-15 LE Agreement with New Directions retroactively to June 11, 2015 to enable DMH to pay New Directions \$71,019 for uncompensated mental health services provided to DMH clients during FY 2014-15. DMH is

presently not able to make the payment because the payment would exceed the LE Agreement's Maximum Contract Amount (MCA).

New Directions became a new Med-Cal provider of Prevention and Early Intervention (PEI) services in April 2015, and based on its projected service delivery through the end of the fiscal year, DMH and the provider intended to execute an amendment to increase New Direction's MCA. DMH initiated a contract amendment but the amount of the increase to the MCA that was necessary exceeded DMH's delegated authority, and there was insufficient time remaining in the fiscal year to timely seek Board approval. Because the failure to timely complete an amendment was not the fault of the agency, DMH initiated the process for approval of a retroactive amendment. Consistent with your Board's policy, DMH representatives met with the Retroactive Contract Review Committee (RCRC) on February 4, 2016 to discuss this retroactive amendment. All required documents regarding this retroactive amendment were provided to the RCRC, which subsequently approved DMH's corrective action plan (Attachment II) and the submission of this request to your Board. DMH has implemented the corrective action to avoid a similar situation in the future.

### **Implementation of Strategic Plan Goals**

The recommended action is consistent with the County Strategic Plan and Goal 1, "Operational Effectiveness/Fiscal Sustainability."

### **FISCAL IMPACT/FINANCING**

The total cost of retroactive amendment is \$71,019 funded with FFP in the amount of \$69,519 and State MESA revenue in the amount of \$1,500.

Sufficient appropriation for this retroactive amendment is included in DMH's FY 2016-17 Final Adopted Budget.

There is no County cost impact associated with this action.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

New Directions became a new Medi-Cal provider of PEI services in April 2015, but was unable to claim for Medi-Cal services provided using DMH's Integrated System (IS) until the Department of Health Care Services (State) issued their Personal Identification Number (PIN) in June 2015. Because the agency was unable to submit Medi-Cal claims into the DMH's IS, the provider maintained internal claims records and in April 2015, the agency projected they would exceed their MCA for FY 2014-15 based on the number of clients they were serving. The provider notified DMH and requested additional funding. At the time of the provider's request, DMH was unable to access actual Medi-Cal claims data for the provider as a result of the claiming delays caused by the late issuance of the provider's State PIN. Upon review of the agency's claims projections and request, DMH initiated a contract amendment, however, at the time of amendment execution, DMH's delegated authority balance for the agency was insufficient and the amendment could not be processed. DMH explored developing and submitting a Board Letter to request authorization to increase DMH's delegated authority to add the requested funding to the provider's contract, however, there was not sufficient time left in the fiscal year to complete this process. Based on these timing issues, DMH was unable to pay the provider \$71,019 in uncompensated care costs to DMH clients before the close of the fiscal year. The amendment format (Attachment I) has been approved as to

form by County Counsel. DMH administrative staff will continue to monitor New Directions' MCA, expenditures/claims, performance and compliance with agreement provisions and departmental policies. Attachment II is DMH's corrective action plan approved by RCRC.

### **CONTRACTING PROCESS**

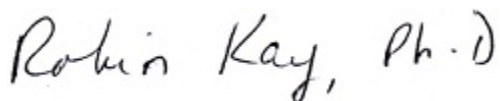
On June 4, 2014, your Board approved the renewal of 67 expiring LE Agreements effective July 1, 2014. Your Board also gave DMH delegated authority to increase each agency's MCA by no more than 20% of their initial MCA for FY 2014-15. The LE Agreement with New Directions was included in this Board letter.

DMH's contracts division received a request to process an amendment to add funding to this agreement. Upon review of the amount requested, the Contract Administrator (CA) noted that the amount far exceed the 20% amount under delegated authority. The CA promptly notified DMH Administration and also noted that there wasn't enough time to develop and submit a Board letter to add funding beyond the 20%.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Current services have not been impacted by this retroactive action. Approval of the recommended action will enable DMH to pay services provided during a prior fiscal year.

Respectfully submitted,



ROBIN KAY, Ph.D.

Acting Director of Mental Health

RK:CCS:JW:lg

Enclosures

c: Executive Office, Board of Supervisors  
Chief Executive Office  
County Counsel  
Chairperson, Mental Health Commission

CONTRACT NO. MH121140

AMENDMENT NO. 7

THIS AMENDMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2016, by and between the COUNTY OF LOS ANGELES (hereafter "County") and New Directions, Inc. (hereafter "Contractor").

WHEREAS, County and Contractor have entered into a written Agreement, dated July 1, 2014, identified as County Agreement No. MH121140, as subsequently amended (hereafter collectively "Agreement"); and

WHEREAS, for Fiscal Year (FY) 2014-15 only, County and Contractor intend to amend this Agreement only as described hereunder; and

WHEREAS, for FY 2014-15 only, County and Contractor intend to amend this Agreement to **increase** Mental Health Services Act (MHSA) Prevention & Early Intervention (PEI) Medi-Cal (MC) Funded Program funds for the provision of mental health services to eligible adults under the Medicaid Expansion Program; and

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

1. For FY 2014-15 only, MHSA PEI MC Funded Program funds are **increased** in the amount of **\$71,019**. For FY 2014-15, the revised MCA for FY 2014-15 is **\$208,081**.
2. Financial Exhibit A (FINANCIAL PROVISIONS), Attachment II, Paragraph C (REIMBURSEMENT FOR INITIAL PERIOD), shall be deleted in its entirety and the following substituted therefor:

“(1) Reimbursement For Initial Period: The MCA for the Initial Period of this Agreement as described in Paragraph 1 (TERM) of the DMH Legal Entity Agreement shall not exceed **TWO HUNDRED EIGHT THOUSAND EIGHTY-ONE DOLLARS (\$208,081)** and shall consist of Funded Programs as shown on the Financial Summary.”

3. Attachment III - Financial Summary - 6 for FY 2014-15, shall be deleted in its entirety and replaced with Attachment III - Financial Summary - 7 for FY 2014-15 attached hereto and incorporated herein by reference. All references in Agreement to Attachment III - Financial Summary - 6 for FY 2014-15, shall be deemed amended to state “Attachment III - Financial Summary - 7 for FY 2014-15.”
4. Contractor shall provide services in accordance with Contractor’s FY 2014-15 Negotiation Package for this Agreement and any addenda thereto approved in writing by the County’s Acting Director of Mental Health or her designee.
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 Acting Director of Mental Health or her designee, and Contractor has caused this Amendment to be subscribed on its behalf by its duly authorized officer, on the day, month, and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Robin Kay, Ph.D.  
Acting Director of Mental Health

\_\_\_\_\_  
New Directions, Inc.  
CONTRACTOR

By \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM:  
OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT  
ADMINISTRATION:

DEPARTMENT OF MENTAL HEALTH

By \_\_\_\_\_  
Interim Chief, Contracts Development  
and Administration Division

**RETROACTIVE CONTRACTS REPORTING FORM  
CORRECTIVE ACTION PLAN  
NEW DIRECTIONS, INC.  
FY 2014-15**

**ATTACHMENT II**

Root Causes	Corrective Action Plan
<p>1. DMH does not systematically assess delegated authority at the initial phase of the amendment process.</p>	<p><b>Fiscal Year 2015-16</b></p> <ul style="list-style-type: none"> <li>• Contracts Development and Administration Division (CDAD) provided the Lead Program Analyst with the remaining Delegated Authority (DA) amount, as of March 15, 2016, for each Legal Entity (LE) Agreement for Fiscal Year (FY) 2015-16.</li> <li>• CDAD will provide DA balances to the Lead Program Analyst on May 2, 2016 (the next quarterly Negotiation Package submission date) and as needed before June 30, 2016, depending on any last minute contract actions that impact DA. <ul style="list-style-type: none"> <li>○ Training for CDAD staff was held on March 8, 2016.</li> </ul> </li> </ul> <p><b>FY 2016-17 and Ongoing</b></p> <ul style="list-style-type: none"> <li>• CDAD will provide the Lead Program Analyst with DA amounts for each LE Agreement by June 30, 2016 (for FY 2016-17).</li> <li>• The Lead Program Analyst will be responsible for tracking all amendments (using a pre-calculated worksheet) and will be required to identify the remaining DA balance for each contract action request.</li> </ul>

**RETROACTIVE CONTRACTS REPORTING FORM  
CORRECTIVE ACTION PLAN  
NEW DIRECTIONS, INC.  
FY 2014-15**

**ATTACHMENT II**

	<ul style="list-style-type: none"> <li>• CDAD will provide quarterly updates regarding DA to the Lead Program Analyst. At these quarterly checks, CDAD will confirm the remaining DA and any adopted Board letters that reset the DA for each LE Agreement.</li> </ul>
<p>2. The DMH Service Request Form does not include a section that identifies delegated authority level.</p>	<ul style="list-style-type: none"> <li>• Effective March 15, 2016, add a field on the DMH Service Request Form (SRF) to identify available delegated authority funding level.</li> <li>• Train District Chiefs and Program Analysts on the revised SRF that includes a section to record delegated authority level. Completed training dates are as follows: <ul style="list-style-type: none"> <li>○ District Chiefs-February 17, 2016 and March 9, 2016,</li> <li>○ Contract Liaison Network-February 11, 2016 and March 10, 2016</li> <li>○ Program Analysts-March 14, 2016</li> </ul> </li> </ul>
<p>3. DMH cannot monitor Medi-Cal claims from new providers until the provider enters the claims into DMH Integrated System (IS). New providers do not have access to the IS to enter claims until the provider receives Medi-Cal certification and their Personal Identification Number (PIN) from the State Department of Health Care Services (DHS).</p>	<ul style="list-style-type: none"> <li>• Require contract agencies pending Medi-Cal certification and issuance of PIN to submit monthly claiming reports to DMH until the contractor has been given approval to enter claims into DMH IS.</li> </ul>



**RETROACTIVE CONTRACTS REPORTING FORM  
CORRECTIVE ACTION PLAN  
NEW DIRECTIONS, INC.  
FY 2014-15**

**ATTACHMENT II**

<p>4. Strengthen training for new contract providers</p>	<ul style="list-style-type: none"><li>• Each new provider will receive a new provider orientation within the first 90 days of their contract which will include:</li><li>• Medi-Cal certification process</li><li>• Billing procedures and State quality assurance requirements</li><li>• Technological interface with CIOB, accessing reports</li><li>• Contract requirements</li><li>• Negotiation packages and budget cycles</li></ul>
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