

**COUNTY OF LOS ANGELES**

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SUSAN KERR  
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**DEPARTMENT OF MENTAL HEALTH**

<http://dmh.lacounty.info>

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

Reply To: (213) 738-4601  
Fax: (213) 381-1297

April 7, 2005

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:

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

32

APR 19 2005

*Violet Varona Lukens*  
VIOLET VARONA-LUKENS  
EXECUTIVE OFFICER

**APPROVAL OF AMENDMENTS TO DEPARTMENT OF MENTAL HEALTH'S  
TWO LEGAL ENTITY AGREEMENTS AND ONE SPECIALIZED AGREEMENT  
FOR FISCAL YEARS 2004-2005 AND 2005-2006  
(SUPERVISORIAL DISTRICTS 1, 2 AND 5)  
(3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Delegate authority to the Director of Mental Health or his designee to prepare, sign, and execute amendments, substantially similar to Attachment I, to two (2) Department of Mental Health (DMH) Legal Entity Agreements and one (1) Specialized Agreement listed in Attachment II, for the provision of 12 additional acute psychiatric inpatient beds for uninsured children and adolescents to relieve the overcrowding of the County hospital Psychiatric Emergency Services (PES) and to address the need for additional inpatient bed capacity for uninsured children and adolescents. The amendments will be effective upon Board approval.
2. The requested action increases the Maximum Contract Amount (MCA) as follows: Gateways Hospital and Mental Health Center (Gateways) in the amount of \$389,620 for Fiscal Year (FY) 2004-2005 and \$1,545,775 for FY 2005-2006, making the revised MCAs \$10,073,580 for FY 2004-2005, and \$10,970,414 for FY 2005-2006; Kedren Community Health Center, Inc. (Kedren) in the amount of \$89,542 for FY 2004-2005 and \$355,247 for FY 2005-2006, making the revised MCAs \$18,938,319 for FY 2004-2005 and \$18,958,667 for FY 2005-2006; and Aurora Charter Oak, LLC (Aurora) in the amount of \$154,560 for FY 2004-2005 and \$598,978 for FY 2005-2006, making the revised MCAs \$1,300,348 for FY

*"To Enrich Lives Through Effective And Caring Service"*

2004-2005 and \$1,744,766 for FY 2005-2006. For FY 2004-2005, the cost for the additional child and adolescent beds will be funded with existing appropriation, which is included in the Adopted Budget.

3. Delegate Authority to the Director of Mental Health or his designee to prepare, sign, and execute future amendments to the agreements and establish as a new MCA the aggregate of the original agreements and all amendments provided that: 1) the County's total payments to the Contractor under the Agreement for each fiscal year shall not exceed a change of 20 percent from the applicable MCA; 2) any such increase shall be used to provide additional services or to reflect program and/or policy changes; 3) the Board of Supervisors has appropriated sufficient funds for all changes; 4) approval of County Counsel and the Chief Administrative Officer or his designee is obtained prior to any such amendment; 5) the parties may, by written Amendment, mutually agree to reduce programs or services without reference to the 20 percent limitation; and 6) the Director of Mental Health shall notify the Board of Supervisors of Agreement changes in writing within 30 days after execution of each Amendment.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS**

The purpose of the requested actions is to address the increasing numbers of uninsured children and adolescents that are presented for evaluation in the County PES. Increasing numbers of uninsured children and adolescents are being referred to the County PES from schools, outpatient clinics, communities, juvenile halls, and psychiatric mobile response teams. In many instances these children remain in the PES due to a lack of sufficient acute psychiatric inpatient services for uninsured children and adolescents.

These additional beds are also part of DMH and the Department of Children and Family Services' (DCFS) plan to comply with the Katie A. Settlement Agreement. The increased bed capacity will assist in the timely assessment and appropriate treatment of children and adolescents under the care of DCFS.

DMH has allocated funding to purchase a total of 12 additional beds for uninsured children and adolescents at Gateways, Kedren, and Aurora. This will increase the current inpatient capacity of 10 beds to 22 beds in an effort to meet the demand.

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

The recommended Board actions are consistent with the principles of the Countywide Strategic Plan Organizational, Goal No. 1, "Service Excellence," and Programmatic Goal No. 5, "Children and Families' Well-Being." These actions will promote the

accessibility of essential services and improve the well-being of children and adolescents and their families.

### **FISCAL IMPACT/FINANCING**

There is no impact on net County cost. The three-month pro-rated cost of the additional child and adolescent beds is \$633,722, which will be funded with existing appropriation included in the FY 2004-2005 Adopted Budget. For FY 2005-2006, the annual cost for the additional beds is \$2,500,000. This amount is included in the Budget Request for FY 2005-2006.

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

DMH and the Department of Health Services (DHS) have been developing plans to address the situation of increasing numbers of children without health insurance who are presenting at the four (4) County hospital PES. DMH, in collaboration with DHS, identified strategic areas of the County where there is a critical need for beds for uninsured children and adolescents, and inpatient facilities located either in or most adjacent to the areas of need that were willing to contract for additional beds. The purchase of additional inpatient beds for uninsured children and/or adolescents at Gateways, Kedren, and Aurora will reduce the numbers of children waiting in the PES and ensure safe transitions and linkage to community mental health services after discharge.

### **Gateways Hospital and Mental Health Center (A Legal Entity)**

No acute psychiatric inpatient facility was interested in contracting for adolescent services in Service Area 2, an area identified as having a critical need for adolescent beds. Gateways was selected as it is well situated to receive adolescents from both Olive View and LAC+USC Medical Centers. Gateways is a private, non-profit, freestanding acute psychiatric inpatient facility located at 1891 Effie Street, Los Angeles, CA 90026. The facility, which is licensed and certified by federal and State agencies, is also Lanterman-Petris-Short (LPS) designated by Los Angeles County DMH. The hospital serves mentally ill adults and adolescents (ages 13 through 17) in need of acute psychiatric treatment and stabilization. Los Angeles Unified School District (LAUSD) provides educational services to the adolescents during their inpatient stay. Hospital staff meets weekly with DMH outpatient providers and DCFS to provide linkage to community services after discharge. DMH has contracted with Gateways for over 20 years for inpatient mental health services for uninsured adolescents and adults. DMH will increase the number of uninsured adolescent beds at Gateways by seven (7) bringing the total number of adolescent beds available to 15.

**Kedren Community Health Center, Inc. (A Legal Entity)**

Kedren is a private, freestanding acute care psychiatric inpatient facility, located at 4211 South Avalon Blvd., Los Angeles, CA 91011. The DMH LPS-designated facility is licensed and certified by federal and State agencies. The hospital serves mentally ill adults and children (ages 3 through 12) in need of acute psychiatric treatment and stabilization. Kedren provides educational services for children through LAUSD. Kedren staff meets monthly with DMH outpatient providers and DCFS to identify children at risk and ensure community linkage with outpatient services on discharge from the facility. DMH has contracted with Kedren for inpatient mental health services for uninsured children and adults since 1985. Kedren is located in Service Area 6, which has been identified as an area of critical need. Kedren was selected as it is well situated to serve King/Drew, LAC+USC, and Harbor/UCLA Medical Centers. DMH currently contracts for two (2) beds for uninsured children. The Department will increase the number of beds for children at the facility to four (4).

**Aurora Charter Oak, LLC ( Specialized Agreement)**

Aurora is a freestanding acute psychiatric inpatient facility located at 1161 East Covina Blvd., Covina, CA 91724. The DMH LPS-designated facility is licensed and certified by federal and State agencies. The hospital, located in the San Gabriel Valley, specializes in acute care psychiatric inpatient treatment for adults, adolescents, and children. Educational services for children and adolescents are provided by the Charter Oak School District. Hospital staff meets weekly with DMH outpatient providers and DCFS to provide linkage to community services after discharge. DMH has contracted with Aurora since 1994 for mental health beds for uninsured adults. The facility is the only inpatient provider of child and adolescent services in the San Gabriel Valley that responded to the DMH inquiry regarding provision of beds for uninsured children and adolescents. This provider was selected due to its ability to be flexible in providing either child or adolescent inpatient beds depending on the needs of the system and due to its proximity to LAC+USC Medical Center.

The proposed actions have been reviewed and approved by County Counsel, the Chief Administrative Office, and DMH's Director, Program and Fiscal staff.

**CONTRACTING PROCESS**

These actions can be accomplished through amendments to the existing contracts of hospital providers listed on Attachment II.

The Honorable Board of Supervisors  
April 7, 2005  
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**IMPACT ON CURRENT SERVICES**

Board approval will allow DMH to expand its capacity to provide acute inpatient psychiatric services for children and adolescents currently seen in the County PES. These beds are an integral component of DMH's and DHS's plan to provide relief for the County hospital PES crisis, and part of DMH's and DCFS' plan to comply with the Katie A. Settlement Agreement.

**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 Contracts Development and Administration Division at (213) 738-4684 when these documents are available.

Respectfully submitted,



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

MJS:MY:RK:LQ:aw

**Attachments**

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

ATTACHMENT I

CONTRACT NO. DMH-\_\_\_\_\_

AMENDMENT NO. \_\_\_\_\_

THIS AMENDMENT is made and entered into this \_\_\_ day of \_\_\_\_\_, 2005, 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. DMH-\_\_\_\_\_, and any subsequent amendments (hereafter collectively "Agreement"); and

WHEREAS, for Fiscal Years 2004-2005 and 2005-2006 only, County and Contractor intend to amend Agreement only as described hereunder; and

WHEREAS, for Fiscal Year 2004-2005, County and Contractor intend to add County General Fund (CGF) in the amount of \$ \_\_\_\_\_ to fund an increase of \_\_\_\_\_ additional acute psychiatric inpatient beds for uninsured children and adolescents; and

WHEREAS, for Fiscal Year 2005-2006, County and Contractor intend to add CGF in the amount of \$ \_\_\_\_\_ to fund an increase of \_\_\_\_\_ additional acute psychiatric inpatient beds for uninsured children and adolescents; and

The revised Maximum Contract Amount for Fiscal Years 2004-2005 and 2005-2006 will be \$ \_\_\_\_\_ and \$ \_\_\_\_\_, respectively.

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

1. Paragraph 4 (FINANCIAL PROVISIONS), Subparagraphs B (Reimbursement For

Initial Period) and 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 75 percent (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 58 (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 75 percent (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 58 (NOTICES)."

2. Financial Summary - \_\_\_ for Fiscal Year 2004-2005 shall be deleted in its entirety and replaced with Financial Summary - \_\_\_ for Fiscal Year 2004-2005, attached hereto and incorporated herein by reference. All references in Agreement to Financial Summary - \_\_\_ for Fiscal Year 2004-2005 shall be deemed amended to state "Financial Summary - \_\_\_ for Fiscal Year 2004-2005."
3. Financial Summary - \_\_\_ for Fiscal Year 2005-2006 shall be deleted in its entirety and replaced with Financial Summary - \_\_\_ for Fiscal Year 2005-



2006, attached hereto and incorporated herein by reference. All references in Agreement to Financial Summary - \_\_\_\_ for Fiscal Year 2005-2006 shall be deemed amended to state "Financial Summary - \_\_\_\_ for Fiscal Year 2005-2006."

4. Contractor shall provide services in accordance with 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  
OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT  
ADMINISTRATION:

DEPARTMENT OF MENTAL HEALTH

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

EA:\BoardLetter-Addl Beds Att 1

LOS ANGELES COUNTY - DEPARTMENT OF MENTAL HEALTH  
FISCAL YEARS 2004-2005 AND 2005-2006

Sup District	FY 2004-2005 Child Inpatient Bed Increase					MCA Information				
	Contractor	Current Bed Allocation	Bed Increase	Revised Bed Allocation	Additional Funding FY 04-05 (pro-rated for 3 months)	Last Board Adopted MCA	Latest MCA (after EPSDT amendment)	Revised MCA with this Board Letter	% Increase from last Board Adopted MCA	
5	Aurora Charter Oak, LLC	0	3	3	154,560	1,145,788	1,145,788	1,300,348	13%	
1	Gateways Hospital and MHC	8	7	15	389,620	9,683,960	9,683,960	10,073,580	4%	
6	Kedren Community Health Center, Inc.	2	2	4	89,542	18,392,510	18,848,777	18,938,319	3%	
	Total	10	12	22	633,722					

Sup District	FY 2005-2006 Child Inpatient Bed Increase					MCA Information				
	Contractor	Current Bed Allocation	Bed Increase	Revised Bed Allocation	Additional Funding FY 05-06	Last Board Adopted MCA	Latest MCA	Revised MCA with this Board Letter	% Increase from last Board Adopted MCA	
5	Aurora Charter Oak, LLC	0	3	3	598,978	1,145,788	1,145,788	1,744,766	52%	
1	Gateways Hospital and MHC	8	7	15	1,545,775	9,268,639	9,424,639	10,970,414	18%	
6	Kedren Community Health Center, Inc.	2	2	4	355,247	18,392,510	18,603,420	18,958,667	3%	
	Total	10	12	22	2,500,000					