

COUNTY OF LOS ANGELES

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Director

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Chief Deputy Director

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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) 386-1297

February 17, 2005

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

18 MAR 01 2005

Violet Varona-Lukens
VIOLET VARONA-LUKENS
EXECUTIVE OFFICER

Dear Supervisors:

**APPROVAL OF REQUEST TO DISBURSE PAYMENT TO FEE-FOR-SERVICE
ORGANIZATIONAL MENTAL HEALTH SERVICES AGREEMENT – LEGAL ENTITY
WITH MULTISERVICE FAMILY CENTER, INC.
FOR FISCAL YEARS 2003-2004 AND 2004-2005
(SUPERVISORIAL DISTRICT 2)
(3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and authorize the Director of Mental Health or his designee to prepare, sign, and execute Amendments, substantially similar to the attachment, to pay on a one-time basis, Multiservice Family Center, Inc. (MFC, Inc.), a Fee-For-Service (FFS) organizational mental health service provider, for specialty mental health services delivered in Fiscal Years (FYs) 2003-2004 and 2004-2005, pending audit resolution. This request will enable the Department of Mental Health (DMH) to reimburse MFC, Inc., for claims that were paid at an incorrect rate due to billing system transition to Health Insurance Portability and Accountability Act (HIPAA) compliant claim processing. Upon Board approval, DMH will reimburse MFC, Inc., in the amount of \$5,497.20 for FY 2003-2004 and \$12,639.24 for FY 2004-2005, for a combined total of \$18,136.44 that is fully funded with the FY 2004-2005 Adopted Budget's settlement funds.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

Board approval is requested to authorize use of the Amendment format to enable MFC, Inc.'s FFS claims to be reimbursed for three (3) months of FY 2003-2004 services and three (3) months of FY 2004-2005 services that were paid at an incorrect rate. MFC, Inc., submitted claims in minutes but the Integrated System (IS) incorrectly interpreted the time as units of service (UOS). As a result, the State paid at an incorrect rate, and

MFC, Inc., was paid at \$1.08 per claim instead of \$1.08 per minute. The financial impact for the claims during the April 2004 through September 2004 months of service is \$18,136.44. The State will not reconcile and settle these claims until approximately June 2006 for FY 2003-2004 services and June 2007 for FY 2004-2005 services. State payment at that time will be at the correct rate. DMH will assume financial liability until such time that the State adjusts the payment to the correct rate for claims processing related errors associated with the transition to HIPAA-compliant claiming that resulted in erroneous payment of otherwise valid specialty mental health services claims. Therefore, DMH is requesting the authority to reimburse the balance of \$5,497.20 for FY 2003-2004 and \$12,639.24 for FY 2004-2005, for a combined total of \$18,136.44 due to MFC, Inc., pending audit resolution. This action will generate goodwill in the provider community, which DMH feels will translate into increased access to mental health care by Los Angeles County Medi-Cal eligible beneficiaries. DMH will be reimbursed by the State of this difference in rate at a future date.

Month	Rate per minute	UOS owed	Amount owed
April 2004	\$ 1.08	706	\$ 762.48
May 2004	\$ 1.08	2,010	\$ 2,170.80
June 2004	\$ 1.08	2,374	\$ 2,563.92
Total for FY 2003-2004			\$5,497.20
July 2004	\$ 1.08	4,895	\$ 5,286.60
August 2004	\$ 1.08	2,786	\$ 3,008.88
September 2004	\$ 1.08	4,022	\$ 4,343.76
Total for FY 2004-2005			\$12,639.24
Total Reimbursement			\$18,136.44

DMH is working aggressively to make improvements to the IS to improve the workflow for contract providers, as well as make other system improvements.

DMH is providing a monthly status report on efforts to improve the IS to the Board per November 30, 2004, Board Motion.

Implementation of Strategic Plan Goals

The recommended Board action is consistent with the principles of the Countywide Strategic Plan Organizational Goal No. 4, "Fiscal Responsibility." Board approval of this request will authorize reimbursement to MFC, Inc., for services rendered and reimbursed at an incorrect rate due to the transition to HIPAA compliant claims processing system.

FISCAL IMPACT/FINANCING

There is no increase in net County cost.

DMH proposes to utilize \$18,136.44 from the FY 2004-2005 Adopted Budget's claims settlements fund account of \$841,000 to pay MFC, Inc., for specialty mental health services provided in FYs 2003-2004 and 2004-2005.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Approval of this action will resolve the payment issues given the circumstances related to the FFS billing transition to the HIPAA-compliant claims processing.

DMH's Chief Information Office Bureau (CIOB) has more than half of its staff working to improve and support the IS and working with contract providers to identify and resolve any system-related problems that are impacting contract providers' cash flow. CIOB staff routinely work with the State and with Sierra Systems Group, Inc., to research and resolve problems. Fine-tuning a process as complex as HIPAA-compliant claiming and a system as intricate as the IS simply takes time.

The Amendment has been approved as to form by County Counsel. In addition, the proposed action has been reviewed and approved by the Chief Administrative Office, County Counsel, Auditor-Controller, and DMH's Fiscal and Program Administrations.

CONTRACTING PROCESS

This subject does not apply.

IMPACT ON CURRENT SERVICES

There is no impact on current services. Board approval of this request will enable DMH to make payment to MFC, Inc., for their FYs 2003-2004 and 2004-2005 specialty mental health services under-reimbursed by the State due to the referenced error.

The Honorable Board of Supervisors
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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 this document is available.

Respectfully submitted,



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

MJS:GSK:RK:jn

Attachment

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

ATTACHMENT

CONTRACT NO. DMH-_____

AMENDMENT NO. _____

THIS AMENDMENT is made and entered into this _____ day of _____, 200__, 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. _____ (hereafter "Agreement") (OR) and any subsequent amendments (hereafter collectively "Agreement"); and

WHEREAS, for Fiscal Year 200__-200__ and any subsequent fiscal years, County and Contractor intend to amend Agreement only as described hereunder; and

WHEREAS, for Fiscal Year 200__-200__ and any subsequent fiscal years, County and Contractor intend to amend Agreement to add the following Board mandated clause: "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions (45 C.F.R. Part 76)"; and

WHEREAS, for Fiscal Year 200__-200__ only, County agrees to make a one time only payment of \$ _____ to Contractor pending audit resolution, for claims that were paid at an incorrect rate due to billing system transition to Health Insurance Portability and Accountability Act compliant claim processing.

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

1. Paragraph 59 (CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION – LOWER TIER COVERED TRANSACTIONS (45 C.F.R PART 76) shall be added to the Agreement:

"59. CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION – LOWER TIER COVERED TRANSACTIONS (45 C.F.R Part 76):

The Contractor hereby acknowledges that the County is prohibited from contracting with and making sub-awards to parties that are suspended, debarred, ineligible, or excluded or whose principals are suspended, debarred, ineligible, or excluded from securing federally funded contracts. By executing this Agreement, Contractor certifies that neither it nor any of its owners, officers, partners, directors or other principals is currently suspended, debarred, ineligible, or excluded from securing federally funded contracts. Further, by executing this Agreement, Contractor certifies that, to its knowledge, none of its subcontractors, at any tier, or any owner, officer, partner, director or other principal of any subcontractor is currently suspended, debarred, ineligible, or excluded from securing federally funded contracts. Contractor shall immediately notify County in writing, during the term of this Agreement, should it or any of its subcontractors or any

principals of either be suspended, debarred, ineligible, or excluded from securing federally funded contracts. Failure of Contractor to comply with this provision shall constitute a material breach of this Agreement upon which the County may immediately terminate or suspend this Agreement."

2. Contractor shall provide services in accordance with the Contractor's Fiscal Year 200 -200 Negotiation Package for this Agreement and any addenda thereto approved in writing by Director.
3. 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.

APPROVED AS TO FORM
OFFICE OF THE COUNTY COUNSEL

By _____
Deputy County Counsel

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 CONTRACT
ADMINISTRATION:

DEPARTMENT OF MENTAL HEALTH

By _____
Chief, Contracts Development
and Administration Division

JN:MultiserviceFamily Ctr. Amend No. 1