



Los Angeles County  
DEPARTMENT OF MENTAL HEALTH

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

February 12, 2019

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

CELIA ZAVALA  
EXECUTIVE OFFICER

Dear Supervisors:

**APPROVAL TO ENTER INTO NEW MEDI-CAL PROFESSIONAL SERVICE AGREEMENTS WITH  
FEE-FOR-SERVICE INDIVIDUAL AND FEE-FOR-SERVICE GROUP PROVIDERS FOR THE  
PROVISION OF SPECIALITY MENTAL HEALTH SERVICES FOR FISCAL YEAR 2018-19  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

Request approval to enter into new Medi-Cal Professional Services Agreements with individual and group providers that have been credentialed by DMH.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Delegate authority, through June 30th, 2019, to the Director, or his designee, to prepare, sign, and execute new Medi-Cal Professional Services Agreements substantially similar to the existing agreements, as amended, with other qualified individual and group providers who have been credentialed by the Department of Mental Health (DMH) acting as the Mental Health Plan (MHP), provided that 1) sufficient funds are available for the new agreements; and 2) are subject to the prior review and approval as to form by County Counsel, with written notice to the Board and Chief Executive Officer. For FY 2018-19, \$10,600,000 was allocated for the provision of mental health services by FFS Individual and Group providers.

2. Delegate authority to the Director, or his designee, to prepare, sign, and execute future amendments, for Fee-for-Service Individual Providers and Fee-For-Service Group Providers as necessary, provided such amendments (1) are administrative or non-material changes; modify or replace an existing Statement of Work; and/or, reflect federal, State, and County regulatory and/or policy changes; and (2) are subject to the prior review and approval as to form by County Counsel,

with written notification to the Board and Chief Executive Officer.

3. Delegate authority to the Director, or his designee, to terminate the agreements in Recommendation 1 in accordance with the respective agreement's termination provisions, including Termination for Convenience, upon written notification to your Board and Chief Executive Officer.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On June 13, 2017, your Board approved delegated authority for the DMH to extend the existing agreements and to execute new Medi-Cal Professional Services Agreements for both group and individual providers through June 30, 2018. In addition, your Board approved authority to extend the existing agreements for one additional fiscal year through June 30, 2019. During the term of this agreement DMH was exploring the use of an alternative payment structure, including an all-inclusive rate, for hospital providers which would have had an impact on the manner of contracting within the entire FFS network. However, after extensive research it was determined that the shift to an all-inclusive rate was not feasible at this time. Thus, DMH needs to maintain the status quo of its FFS network and continue its agreements with individual and group providers for Medi-Cal Professional Services Agreements and have the delegated authority to execute new additional contracts through the end of June 30, 2019. Our inability to execute new additional agreements has negatively impacted a number of the DMH contracted hospitals that utilize the individual and group providers to provide the direct Medi-Cal mental health services to their patients.

Approval of the recommendations will allow DMH to execute new individual and group agreements with approved credentialed providers for the remainder of FY 2018-19 who can then provide the services at the impacted hospitals. DMH intends on returning to your Board with a new contract, to be effective July 1, 2019, before the end of the FY 2018-19.

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

The recommended actions are consistent with County's Strategic Plan Goal I, Make Investments That Transform Lives, specifically Strategy I.2 – Enhance Our Delivery of Comprehensive Interventions.

### **FISCAL IMPACT/FINANCING**

For FY 2018-19, \$10,600,000 was allocated for the provision of mental health services by FFS Individual and Group providers. This cost is fully funded by State 2011 Realignment Behavioral Health Managed Care revenue and Federal Financial Participation (FFP) Medi-Cal revenue and included in DMH's FY 2018-19 Final Adopted Budget. There is sufficient funding based on the historical expenditures for the additional providers.

There is no net County cost associated with the recommended actions.

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

Welfare and Institutions (W&I) Code section 14712 directs the State to implement and administer Managed Mental Health Care for Medi-Cal eligible residents of the State of California. Section

14712 requires a contractual agreement between the State and the County for the County to operate as the Mental Health Plan (MHP) responsible for the delivery of specialty mental health services to the County's eligible Medi-Cal beneficiary population. Through the MHP Agreement, DMH agrees to operate the MHP for Los Angeles County.

On September 4, 2018, your board authorized DMH to enter into a Contract with the California Department of Health Care Services (DHCS), for the period of July 1, 2017 through June 30, 2022, whereby DMH will act as the MHP to provide specialty mental health services to all Medi-Cal beneficiaries in Los Angeles County within the scope of services defined in said contract.

State regulations require that the County maintain a network of providers that is sufficient in number, mix, and geographic distribution to meet the needs of the anticipated number of beneficiaries that will be served by the MHP. DMH contracts with FFS psychiatrists, psychologists, Licensed Clinical Social Workers, and Licensed Marriage Family Therapists who provide specialty mental health services to Medi-Cal beneficiaries. In addition, Contracts are required between DMH and Registered Nurses who either have a Master's Degree in psychiatric/mental health nursing and are board-certified as a clinical nurse specialist or have a Master's Degree in nursing, Master's Degree in a related field or a graduate degree in nursing and are certified as a nurse practitioner that provides specialty mental health services to Medi-Cal beneficiaries. Credentialed service providers will continue to be offered Contracts, and upon signing the Contracts, they will be enrolled in the MHP Provider Network.

DMH will continue to administer and monitor adherence to the contract terms and conditions to ensure that services are provided in accordance with the Contract's provisions, DMH policies, and projected performance outcomes.

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

Board approval of the proposed actions will allow DMH to continue to provide mental health services to Medi-Cal clients at contracted hospitals throughout Los Angeles County.

Respectfully submitted,



JONATHAN E. SHERIN, M.D., Ph.D.

Director

JES:GP:ES:SK:rlr

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