



**DEPARTMENT OF MENTAL HEALTH**  
hope. recovery. wellbeing.

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

**Gregory C. Polk, M.P.A.**  
Chief Deputy Director

**Curley L. Bonds, M.D.**  
Chief Medical Officer

**Lisa H. Wong, Psy.D.**  
Senior Deputy Director

May 11, 2021

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

**APPROVED**  
BY DELEGATED AUTHORITY

CHIEF EXECUTIVE OFFICE  
COUNTY OF LOS ANGELES

May 11, 2021

FESIA A. DAVENPORT  
CHIEF EXECUTIVE OFFICER

Dear Supervisors:

**APPROVAL TO AMEND EXISTING LEGAL ENTITY CONTRACTS  
TO INCREASE THE MAXIMUM CONTRACT AMOUNTS FOR  
FISCAL YEAR 2020-21 FOR THE CONTINUED PROVISION  
OF SPECIALTY MENTAL HEALTH SERVICES**

**(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

Request approval to amend two existing Department of Mental Health Legal Entity Contracts to increase the Maximum Contract Amounts for Fiscal Year 2020-21 for the continued provision of specialty mental health services.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and authorize the Director of Mental Health (Director), or his designee, to prepare, sign, and execute an amendment to two existing Department of Mental Health (DMH) Legal Entity (LE) Contracts, Maryvale and St. Anne's Maternity Home, to increase the Maximum Contract Amounts (MCA) for Fiscal Year (FY) 2020-21, as listed in Attachment I. The amendment will be effective upon Board approval for FY 2020-21 and the total aggregate increase for these LE Contracts is \$592,240, fully funded by Specialized Foster Care Wraparound revenues.
2. Delegate authority to the Director, or his designee, to prepare, sign, and execute future amendments to the LE Contracts in Recommendation 1 to revise the boilerplate

language; revise the annual MCAs; add, delete, modify, or replace the Service Exhibits and/or Statements of Work; and/or reflect federal, State, and County regulatory and/or policy changes provided that: 1) the County's total payments to each LE Contractor will not exceed an increase of more than 25 percent of the Board-approved MCA in Recommendation 1; and 2) sufficient funds are available. These amendments will be subject to prior review and approval as to form by County Counsel, with written notice to the Board and Chief Executive Officer (CEO).

3. Delegate authority to the Director, or his designee, to terminate the Contracts described in Recommendation 1 in accordance with the termination provisions, including Termination for Convenience. The Director, or his designee, will notify the Board and CEO, in writing, of such termination action.

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

Board approval of Recommendation 1 will allow DMH to amend two LE Contracts in order to increase the MCAs for the continued provision of specialty mental health services as these LE Contracts have reached their previous Board-approved 25 percent delegated authority for FY 2020-21.

The LE Contractors listed on Attachment I provide a variety of specialty mental health throughout the County. DMH previously amended these LE Contracts up to delegated authority and is returning to your Board for authority to amend the LE Contracts to increase funds for FY 2020-21.

Board approval of Recommendation 2 will allow DMH to amend the LE Contracts in Recommendation 1 in a timely manner, as necessary, for the continuous provision and expansion of mental health services without interruption to clients who are in need of these services.

Board approval of Recommendation 3 will allow DMH to terminate the LE Contracts in accordance with the LE Contract's termination provisions, including Termination for Convenience, in a timely manner, as necessary.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The recommended actions are consistent with the County's Strategic Plan Goal I, Make Investments that Transform Lives, specifically Strategy I.1 — Increase Our Focus on Prevention Initiatives, and Strategy I.2 — Enhance Our Delivery of Comprehensive Interventions.

## **FISCAL IMPACT/FINANCING**

For FY 2020-21, the total aggregate increase for the LE Contracts is \$592,240, fully funded by Specialized Foster Care Wraparound revenues.

Sufficient funding is included in the DMH's Final Adopted budget for FY 2020-21 for these amendments.

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

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

On June 6, 2018, your Board authorized the Director to enter into 133 LE Contracts, which included the LE Contracts listed in Attachment I.

DMH is seeking your Board's authority to amend the LE Contracts listed on Attachment I in order to increase the MCAs. These LE Contractors have reached the 25 percent delegated authority for FY 2020-21. The increase of funds is for the provision of Specialized Foster Care services.

In accordance with Board Policy, Section 5.120, Authority to Approve Increases to Board Approved Contract Amounts requirements, DMH notified your Board on April 27, 2021, (Attachment II), of its intent to request delegated authority of more than ten percent.

Under the Board Policy No. 5.100 (Sole Source Contracts), DMH is required to notify your Board six months in advance of amendments to existing contracts when DMH does not have delegated authority to increase the maximum amount of the current contract. On July 14, 2020, (Attachment III) DMH notified your Board requesting an exemption to the six-month advance notification as LE Contractors provide a federal entitlement to Medi-Cal beneficiaries and the need to amend as expeditiously as possible is essential to ensure continuous specialty mental health services.

The amendment format has been approved as to form by County Counsel.

The Honorable Board of Supervisors  
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Attachment I lists the LE Contractors and includes their headquarter addresses, Supervisorial District(s) served, Service Area(s) covered, and the MCA.

As mandated by your Board, the performance of all contractors is evaluated by DMH on an annual basis to ensure the contractor's compliance with all contract terms and performance standards.

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

Board approval of the recommended actions will allow the LE Contractors to provide ongoing mental health services and allow DMH the ability to make revisions/updates to the work provided by the LE Contractors in a timely manner.

Respectfully submitted,



Jonathan E. Sherin, M.D., Ph.D.  
Director

JES:GCP:SK  
MP:atm

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

Attachments

**LOS ANGELES COUNTY**  
**Department of Mental Health**  
**Increase of Maximum Contract Amounts for FY 2020-21 for the Continued Provision**  
**of Specialty Mental Health Services**

| Legal Entity Name                                     | Headquarters Address                             | Service Provider Supervisorial District(s) | Service Provider Service Area(s) | Current MCA for FY 2020-21 | Increase for FY 2020-21 | Revised MCA for FY 2020-21 |
|---|--|--|----------------------------------|----------------------------|-------------------------|----------------------------|
| <b>Maryvale</b>                                       | 7600 E. Graves Avenue<br>Rosemead, CA 91770      | 1  | 3                                | \$4,125,302                | \$40,320                | \$4,165,622                |
| <b>St. Anne's Maternity Home</b>                      | 155 N. Occidental Blvd.<br>Los Angeles, CA 90026 | 1  | All                              | \$9,803,985                | \$551,920               | \$10,355,905               |
| <b>TOTAL AGGREGATED AMOUNT AMENDED FOR FY 2020-21</b> |  |  |                                  |                            | <b>\$592,240</b>        |                            |



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Lisa H. Wong, Psy.D.  
Senior Deputy Director

April 27, 2021

TO: Supervisor Hilda L. Solis, Chair  
Supervisor Holly J. Mitchell  
Supervisor Sheila Kuehl  
Supervisor Janice Hahn  
Supervisor Kathryn Barger

FROM: Jonathan E. Sherin, M.D., Ph.D.  
Director

SUBJECT: **NOTICE OF INTENT TO REQUEST DELEGATED AUTHORITY FOR  
A PERCENTAGE INCREASE EXCEEDING TEN PERCENT OF THE  
MAXIMUM CONTRACT AMOUNT FOR DEPARTMENT OF MENTAL  
HEALTH LEGAL ENTITY CONTRACTS**

## SUBJECT

In accordance with Los Angeles County Board of Supervisors' (Board) Policy No. 5.120, the Department of Mental Health (DMH) is notifying your Board of our Department's intent to request delegated authority for a percentage increase exceeding ten percent of the Maximum Contract Amounts (MCAs) for Maryvale and St. Anne's Maternity Home Legal Entity (LE) Contracts. DMH will request delegated authority for a 25 percent increase of the MCAs for Fiscal Year (FY) 2020-21.

## JUSTIFICATION

On May 11, 2021, DMH will present to your Board a letter for approval to amend existing LE Contracts to increase the MCAs for the continued provision of specialty mental health services for FY 2020-21, as the LE Contractors have reached their previous Board-approved 25 percent delegated authority for FY 2020-21. Specifically, the increases are for the provision of Specialized Foster Care Medi-Cal Services.

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April 27, 2021  
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The authority to increase the percentage exceeding ten percent allows DMH to amend the LE Contracts in a timely manner for the continuous provision and expansion of mental health services without interruption to clients who are in need of these services.

**NOTIFICATION TIMELINE**

Board Policy No. 5.120 requires departments to provide written notice to your Board, with a copy to the Chief Executive Officer, at least two weeks prior to the Board Meeting at which the request to exceed ten percent of the MCA will be presented. In compliance with this policy, DMH is notifying your Board of our intent to request delegated authority up to 25 percent of the MCA through a Board letter to be presented at the May 11, 2021 Board Meeting.

If you have any questions or concerns, please contact me at (213) 738-4601, or your staff may contact Stella Krikorian, Division Manager, Contracts Development and Administration Division, at (213) 738-4023.

JES:GCP:SK  
MP:atm

c: Executive Office, Board of Supervisors  
Chief Executive Office  
County Counsel



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July 14, 2020

TO: Supervisor Kathryn Barger, Chair  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Janice Hahn

FROM: Jonathan E. Sherin, M.D., Ph.D.

SUBJECT: **REQUEST AN EXEMPTION OF NOTIFICATION REQUIREMENT UNDER BOARD POLICY NO. 5.100 - SOLE SOURCE CONTRACTS FOR DEPARTMENTAL LEGAL ENTITY CONTRACTS THAT PROVIDE MENTAL HEALTH SERVICES TO MEDI-CAL ELIGIBLE BENEFICIARIES**

In accordance with Los Angeles County Board of Supervisors' (Board) Policy No. 5.100, the Department of Mental Health (DMH) is required to notify your Board six months in advance of amendments to existing contracts when DMH does not have delegated authority to "increase the maximum amount of the current contract."

This memo is to request an exemption to the notification requirement under Policy No. 5.100, for Legal Entity (LE) Contracts for the provision of specialty mental health service and programs which Medi-Cal eligible beneficiaries are entitled to receive.

### **JUSTIFICATION**

Welfare and Institutions (W&I) Code Section 14712 directs the State of California (State) to implement and administer the Managed Mental Health Care for Medi-Cal eligible residents for the State. This W&I Code section requires a contractual agreement between the State and 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 beneficiaries. Through the MHP Agreement, DMH agrees to operate the MHP for the County. The MHP Agreement sets comprehensive requirements for DMH to provide or arrange for the provision of all covered, medically necessary Specialty Mental Health Services (SMHS) to Medi-Cal beneficiaries in the County. As such, DMH provides such SMHS services



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through its directly-operated clinics as well as contractors through its numerous LE Contracts.

On March 30, 2016, the Centers of Medicare and Medicaid Services (CMS) issued the Parity Rule in the Federal Register to strengthen access to mental health and substance use disorder services for Medi-Cal beneficiaries. The Parity Rule mandates that MPHs ensure access to care through an adequate provider network without unreasonable limitations to the scope or duration of mental health benefits. In order to comply with these requirements, DMH must ensure that an adequate network of providers and services are available throughout the County.

On June 6, 2018, the Board authorized the Director of DMH to execute new Legal Entity Contracts with its community-based providers. Additionally, the Board granted the Director of DMH the authority to amend the LE Contracts and increase the approved Maximum Contract Amounts (MCA) by 25 percent. However, from time-to-time, these LE Contracts require an amendment to increase the MCA beyond the initial 25 percent authority. This happens for various reasons, including LE Contractors providing services to new beneficiaries; providing additional services to existing beneficiaries; and/or expanding the scope of existing services. Additionally, this could happen at any time during the fiscal year, therefore, necessitating DMH to amend LE Contracts throughout a given fiscal year.

Under the revised Sole Source Policy No. 5.100, DMH is now required to give the Board a six-month advance notification. Since these LE Contractors provide a federal entitlement to beneficiaries, the need to amend as expeditiously as possible is essential. Although DMH has to obtain Board approval when it exceeds its delegated authority, seeking an additional six-month advance notification to the Board is an unnecessary layer of bureaucracy that may delay federally entitled services and expose the department to liability. Therefore, DMH is requesting that your Board make an exception to the six-month advance notification requirement for these contracts only.

If you have any questions or concerns, please contact me at (213) 738-4601, or your staff may contact Stella Krikorian, Division Manager, Contracts Development and Administration Division, at (213) 738-4023.

JES:GP:ES:sk

c: Executive Office, Board of Supervisors  
Chief Executive Office  
County Counsel

Gregory Polk  
Edgar Soto  
Stella Krikorian