

**COUNTY OF LOS ANGELES**

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**DEPARTMENT OF MENTAL HEALTH**

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February 18, 2014

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
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**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

16 March 11, 2014

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Dear Supervisors:

**AUTHORIZATION TO FILL POSITIONS FOR THE CENTRAL BUSINESS OFFICE  
ASSOCIATED WITH THE IMPLEMENTATION OF THE AFFORDABLE CARE ACT AND  
INTEGRATED BEHAVIORAL HEALTH INFORMATION SYSTEM  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

Request authorization to fill 51 ordinance positions for the Central Business Office to implement the reconfiguration of internal business operations associated with the implementation of the Affordable Care Act and the Integrated Behavioral Health Information System.

**IT IS RECOMMENDED THAT THE BOARD:**

Authorize the Department of Mental Health (DMH) to fill 51 ordinance Full-Time Equivalent positions (Attachment), upon allocation by the Chief Executive Office (CEO), in excess of what is provided in the Department's staffing ordinance, and subject to allocation by the CEO, necessary for the development of the Central Business Office (CBO) to facilitate new internal business operations associated with the Affordable Care Act (ACA) and Integrated Behavioral Health Information System (IBHIS). This action will be taken pursuant to Section 6.06.020 of the County Code.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Board approval of the recommended action will provide new ordinance positions to support the development of the DMH CBO to facilitate the new business operations associated with the ACA and IBHIS. DMH has been actively gearing up to make needed enhancements to the Department's

service delivery operations and administrative structures to prepare for health care reform and the Medicaid expansion program. These reforms pave the way for DMH to gradually transition to a managed care organization that effectively integrates health and mental health care. The staffing and administrative structures needed to support these new business opportunities are most evident in the CBO.

The Department's Revenue Management unit has been reconfigured to create a portion of the new CBO, which will consist of a Claims Processing and Revenue Forecasting section to mirror the approach that the developer of IBHIS, Netsmart Technologies, recommends to more proactively manage claims and track revenue. In addition, a Provider Services Office (PSO) is being developed to provide support to directly- operated and contract providers as they incrementally begin using IBHIS through full implementation. IBHIS will replace the antiquated Integrated System (IS) and will provide an integrated electronic health record and enhanced claiming system for both the directly-operated and contract providers. IBHIS will significantly change the way DMH processes and adjudicates claims for reimbursement as many claiming processes will be centralized, such as outside health insurance and patient account billing.

The billing functions of the CBO will be divided into three specialized areas: Eligibility Assignment and Verification; Pre-Billing; and Billing. Organizing centralized billing in this way creates a workforce of experts aligned with the functional operations of IBHIS to optimize billing workflows and reduce the number of denials and necessity for voids and replacement claims, while maximizing revenue from Medi-Cal and Medicare. The functional areas responsible for insurance and client billing will increase the billing accuracy and receipts from these sources. This will create a consistent revenue stream, and for the first time, it will establish a baseline capable of tracking all insurance and client billings. The additional staff requested to support claims management and the additional workload associated with the Medicaid expansion are projected to yield the following benefits in connection to IBHIS:

- Reduced denials from Medi-Cal and Medicare due to early identification of previously unknown private insurance coverage;
- A decline in voided claims submitted for directly-operated programs by verifying eligibility data to minimize erroneous claiming;
- More frequent checks for retroactive assignment of Medi-Cal eligibility which will increase Medi-Cal revenue;
- More checks and balances to ensure the correct reporting of pregnancy and emergency services to Medi-Cal in an effort to promote more accurate claiming;
- Centralization of billing, which will alleviate the burden on clinical operations staff to follow-up on billing and claims. In addition, it assures uniform payment receipt by streamlining claiming and claims follow-up with private insurance. It also increases the reliability of reporting revenue and monitoring workflow for process improvement; and
- Centralization of billing in the directly-operated programs will facilitate billing consistency and uniformity, and will increase billing accuracy and customer satisfaction.

The PSO, as previously mentioned, will provide support to directly-operated and contract providers through a Help-Desk/User-Access unit, Provider and Practitioner Maintenance units, and a Policy Education and Benefits Establishment section. The Help-Desk will be a provider's first stop for assistance in answering questions regarding IBHIS, such as how to navigate to specific screens and questions about claims in the new environment. The Practitioner and Provider Maintenance units will ensure that all additions, changes, and terminations for a contract provider are up to date,

including a provider's treatment codes and payment rates, as well as the rendering practitioner taxonomies associated with the provider agency. In addition to these units, the Policy Education and Benefits Establishment section will provide regular training to the directly-operated and contract providers on Medi-Cal and Medicare eligibility, performing financial eligibility screenings on clients, and responding to any contract or directly-operated providers' questions regarding claims and reimbursement functions.

Fifty-one positions are requested to implement the enhanced claiming and billing features associated with IBHIS and the related administrative CBO and PSO support functions. Implementation of the ACA and IBHIS will require efficiency, consistency, and overall accountability. Centralization of the claiming and reimbursement functions will accomplish this result. The development of the CBO and related staffing structures will enable the Department to assume the additional workload and new claims processing to effectively maximize all potential reimbursement for the current and expanded pool of beneficiaries now eligible for mental health services under the ACA.

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

The recommended action supports the County's Strategic Plan Goal 1, Operational Effectiveness, and Goal 2, Fiscal Sustainability.

### **FISCAL IMPACT/FINANCING**

Total estimated cost to fill 51 ordained Full-Time Equivalent positions for three months is \$948,780, and is fully funded by 2011 Realignment revenue. The funding is included in DMH's FY 2013-14 Final Adopted Budget.

Funding for future years will be requested through DMH's annual budget process.

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

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

On December 17, 2013, your Board approved Amendment Number Two to the County Agreement Number 77676 with Netsmart Technologies to add \$6 million in pool dollars to the IBHIS agreement in order to implement necessary enhancements to IBHIS and obtain professional services from Netsmart to provide start-up operational support and oversight for the CBO and PSO. This support is crucial to the development of the CBO and PSO during the hiring and training process of staff in these structures and the transition of existing staff from managing claims in the IS to IBHIS. Over the last year, DMH has been actively preparing for the Medicaid expansion and the projected growth rate anticipated with health care reform. These positions will be essential for DMH to centralize and expand its internal business operations to continue to generate the revenue necessary to sustain vital operations.

On a monthly basis, DMH currently sees approximately 22,576 indigent clients, roughly 10,354 previously Healthy Way L.A. (HWLA) eligible clients, and close to 72,000 clients who have Medi-Cal. Between April 2012 and March 2013, DMH saw a 137 percent increase in HWLA clients, attributable to an aggressive enrollment of HWLA members into Medi-Cal during this time and throughout the rest of 2013. The Department of Health Services enrolled 315,490 clients as of November 2013. This figure exceeded previous enrollment expectations that only 300,000 HWLA members would be


enrolled in Medi-Cal during 2013. It is projected that the total base of Medi-Cal eligible beneficiaries will increase to at least 400,000 by 2014.

In determining the volume of potential clients and associated claims that DMH can expect to see in 2014 and into the future, a conservative penetration rate of 5 percent was used to project Medi-Cal beneficiaries that meet specialty mental health criteria and, therefore, would be eligible to receive DMH services in 2014. This results in an estimate of approximately 20,000 visits/episodes per month for the Medicaid expansion, in addition to the 72,000 clients with traditional Medi-Cal that the Department currently sees on a monthly basis. Using a moderate increase in the DMH penetration rate of 1 percent a year, over three years, this would grow to an 8 percent penetration rate that equates to 30,000 or more visits/episodes a month by 2017, which is a 50 percent increase in visits over a three-year period. Generally, penetration rates for mental health disorders average 20 percent, but for various reasons, i.e., lack of insurance, difficulty accessing services, or the stigma associated with seeking services results in fewer individuals receiving the mental health services they need. Despite the various obstacles that exist to receiving mental health care, DMH projects substantial growth in the mental health penetration rate as mental health is a covered service in 2014 resulting in one less barrier for individuals seeking and receiving mental health care.

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

The creation and related staffing of the CBO and PSO to support the implementation of IBHIS will enable the Department to effectively manage the centralization of claiming and reimbursement functions along with the enhanced workload associated with the ACA. Under the current configuration and staffing structures, DMH is unable to meet the centralized billing functions and IBHIS business model for both the directly-operated and contract providers.

Respectfully submitted,



MARVIN J. SOUTHARD, D.S.W.

Director of Mental Health

MJS:MM:LB:RK:do

Enclosures

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

COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH  
CENTRAL BUSINESS OFFICE  
LIST OF ITEMS

ITEM # & SUB LETTER	TITLE OF POSITION	ORDINANCE POSITIONS	FTE's
2216a	SENIOR TYPIST CLERK	9	9.0
4731a	HEALTH PROGRAM ANALYST III	1	1.0
1004a	ADMINISTRATIVE SERVICES MANAGER III	1	1.0
1003a	ADMINISTRATIVE SERVICES MANAGER II	1	1.0
1002a	ADMINISTRATIVE SERVICES MANAGER I	4	4.0
2584a	INFORMATION TECHNOLOGY AIDE	6	6.0
0889a	ADMINISTRATIVE ASSISTANT III	2	2.0
2585a	SENIOR INFORMATION TECHNOLOGY AIDE	2	2.0
1190a	BILLING SUPERVISOR	5	5.0
9192a	PATIENT RESOURCES WORKER	17	17.0
2594a	PRINCIPAL INFORMATION SYSTEM ANALYST	1	1.0
2590a	INFORMATION SYSTEMS ANALYST I	1	1.0
2593a	SENIOR INFORMATION SYSTEMS ANALYST	1	1.0