



Health Services
LOS ANGELES COUNTY

Los Angeles County Board of Supervisors August 15, 2006

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Fifth District

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

Dear Supervisors:

**APPROVAL OF TWO STANDARD AGREEMENT AMENDMENTS
FROM THE STATE MANAGED RISK MEDICAL INSURANCE BOARD
(All Districts) (3 Votes)**

Bruce A. Chernof, MD
Director and Chief Medical Officer

John R. Cochran III
Chief Deputy Director

William Loos, MD
Acting Senior Medical Officer

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Director of Health Services, or his designee, to execute the following Standard Agreement Amendments from the State Managed Risk Medical Insurance Board (MRMIB) to support the Community Health Plan's (CHP) Healthy Families Program (HFP): 1) Amendment No. 1 to Agreement No. 05MHF008 (Exhibit I) to increase funding by \$20,756,209, from \$22,612,900 to \$43,369,109; and 2) Amendment No. 1 to the related State Supported Services Agreement No. 05MHF045 (Exhibit II) to increase funding by \$2,609, from \$5,000 to \$7,609, both effective July 1, 2006 through June 30, 2008.
2. Approve and instruct the Director of Health Services, or his designee, to execute future amendments to the above Standard Agreements, or replacement agreements thereof, with MRMIB, for the period of July 1, 2006 through June 30, 2008, in amounts not less than 90% of the prior fiscal year award, following review and approval by County Counsel, Chief Administrative Office and notification to the Board within thirty days after execution.

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PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS:

The Department of Health Services (Department) is recommending approval of these actions to: a) ensure continued funding and provision of HFP services to eligible CHP members; and b) allow delegated authority to execute future amendments or replacement agreements with MRMIB.

FISCAL IMPACT/FINANCING:

The funding for the HFP is provided by MRMIB on a per-member per-month basis, at a capitated rate for each HFP beneficiary enrolled in CHP. The additional funds provided under these Amendments are the direct result of CHP's re-negotiation of rates with MRMIB. The increase in rates will assist the CHP to address the rising costs of health care by adjusting the reimbursement rates to DHS facilities and CHP contracted providers. The revised rates will be kept confidential in accordance with Section 1457 of the California Health and Safety Code, and will be shared with each Board Office, the CAO, and County Counsel.

There is no net County cost associated with this action.

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FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The CHP, a full-service Knox-Keene licensed and federally qualified Health Maintenance Organization (HMO) is the County's publicly operated HMO administered by the Department's Office of Managed Care. CHP provider services are funded by L.A. Care Health Plan for Medi-Cal beneficiaries, the County health plan for County temporary employees, MRMIB for HFP subscribers, and the Personal Assistance Services Council for eligible In-Home Supportive Services workers.

HFP - MRMIB Amendment

On May 19, 1998, the Board approved the initial Standard Agreement (SA) No. 97MHF063 with MRMIB to fund health services to eligible HFP children enrolled under CHP, effective May 1, 1998 through June 30, 2000.

On June 30, 2000, the Board approved SA No. 00MHF007 with MRMIB for the continued provision of health care services provided by the HFP, effective July 1, 2000 through June 30, 2003. Subsequently, the Board approved four amendments to this SA that provided additional funds and extended the term through June 30, 2005. On June 15, 2004, the Board authorized delegated authority to accept and sign future amendments to SA No. 00MHF007, and replacement agreements thereof, with MRMIB for the period of July 1, 2004 through June 30, 2008, in amounts not less than 90% of Fiscal Year (FY) 2004-05 base award, following review and approval by County Counsel and notification to the Board.

On July 7, 2005, the Department exercised its delegated authority and executed replacement agreement SA No. 05MHF008 in the amount of \$22,612,900, for the continued provision of health care services provided by the HFP, for the period of July 1, 2005 through June 30, 2008.

Approval of the recommended Amendment No. 1 to SA No. 05MHF008 will provide additional funding for the continued provision of health care services and allow for delegated authority for future amendments and replacement agreements with MRMIB through June 30, 2008.

HFP - MRMIB State Supported Services Amendment

On December 2, 2003, the Board approved the State Supported Services Agreement to provide 100% State funding of certain HFP services for "abortions that are not the result of incest or rape, and are not necessary to save the life of the mother," pursuant to federal regulations governing the Children's Health Insurance Program. Such services were formerly funded under Agreement No. 97MHF063, which used both State and federal dollars.

On June 15, 2004 the Board authorized delegated authority to accept and sign future amendments to SA No. 03MHR018, and replacement agreements thereof, with MRMIB for the period of July 1, 2004 through June 30, 2008, in amounts not less than 90% of the FY 2004-05 base award, following review and approval by County Counsel and notification to the Board.

On July 7, 2005, the Department exercised its delegated authority and executed a replacement State Supported Services Agreement No. 05MHF045 for certain HFP services, for the period of July 1, 2005 through June 30, 2008.

Approval of the recommended Amendment No. 1 to State Supported Services Agreement No. 05MHF045 will provide additional funding for the continued provision of supported services for certain HFP services and allow for delegated authority for future amendments and replacement agreements with MRMIB through June 30, 2008.

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Attachment A provides additional information.

Exhibits I and II have been approved as to form and use by County Counsel.

CONTRACTING PROCESS:

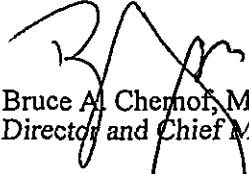
It is not appropriate to advertise Amendments with the State on the Los Angeles County Online Website.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

The State/County MRMIB Agreement Amendment and related State Supported Services Agreement Amendment provide funding for the County's continued participation in the State's HFP.

When approved, this Department requires four signed copies of the Board's action.

Respectfully submitted,



Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:lvb
MRMIB Bltr_lvb

Attachments (3)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Office of Managed Care

SUMMARY OF AMENDMENTS1. Types of Services:

The State/County Managed Risk Medical Insurance Board (MRMIB) funds Community Health Plan (CHP) health services to eligible individuals. These services are delivered under the CHP's provider network consisting of: 1) County facilities; 2) primary/specialty care contractors affiliating with private hospital contractors; 3) primary care contractors affiliating with County hospitals; 4) network providers; and 5) subcontracted pharmaceutical service providers under the pharmacy benefit management contractor.

2. Agency Name:

State of California - MRMIB
1000 G Street, Suite 450
Sacramento, CA 95814
Attention: Don Minnich
Telephone: (916) 327-7978

3. Term:

The term of Amendment No. 1 to Agreement No. 05MHF008 with MRMIB and Amendment No. 1 to the related State Supported Services Agreement No. 05MHF045 is July 1, 2006 through June 30, 2008.

4. Financial Information:

The funding for the Healthy Families Program (HFP) is provided by MRMIB on a per-member per-month basis, at a capitated rate for each HFP beneficiary enrolled in CHP. The additional funds provided under these Amendments are the direct result of CHP's re-negotiation of rates with MRMIB. The increase in rates will assist the CHP with addressing the rising costs of health care by adjusting the reimbursement rates to DHS facilities and CHP contracted providers. The revised rates will be kept confidential in accordance with Section 1457 of the California Health and Safety Code, and will be shared with each Board Office, the Chief Administrative Office, and County Counsel.

There is no net County cost associated with this action.

5. Geographic Area To Be Served:

Countywide.

6. Accountable for Program Monitoring:

Office of Managed Care.

7. Approvals:

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|--------------------------|-----------------------------|
| Office of Managed Care: | Dave Beck, Acting Director |
| Contract Administration: | Cara O'Neill, Chief |
| County Counsel: | Eddie Yen, Senior Associate |