



LOS ANGELES COUNTY DEPARTMENT OF MENTAL HEALTH
550 S. VERMONT AVE., LOS ANGELES, CA 90020 HTTP://DMH.LACOUNTY.GOV



MARVIN J. SOUTHARD, D.S.W.
Director
ROBIN KAY, Ph.D.,
Chief Deputy Director
RODERICK SHANER, M.D.
Medical Director

June 04, 2014

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

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

31 June 4, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

APPROVAL TO EXTEND A SOLE SOURCE ADMINISTRATIVE SERVICES ORGANIZATION AGREEMENT WITH VALUEOPTIONS, INC., FOR THE MANAGEMENT OF SPECIALTY MENTAL HEALTH SERVICES FOR FISCAL YEAR 2014-15 (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)

SUBJECT

Request approval to extend the existing sole source mental health Administrative Services Organization Agreement with ValueOptions, Inc., for Fiscal Year 2014-15 for the continual management of the provision of Specialty Mental Health services to minors who are Medi-Cal beneficiaries and who reside out-of-home and outside of Los Angeles County.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and authorize the Director of Mental Health (Director), or his designee, to prepare, sign, and execute an Amendment, substantially similar to the attached format, with ValueOptions, Inc. (ValueOptions), to extend the Administrative Services Organization (ASO) Agreement (Agreement) term, beginning July 1, 2014, through June 30, 2015. The annual contract amount will remain the same at \$1,506,500, fully funded by Federal Financial Participation (FFP) and Sales Tax Realignment revenues.
2. Delegate authority to the Director, or his designee, to prepare, sign, and execute future amendments to the Agreement, as necessary, to purchase additional services of the same type as described in the Agreement, or to reduce programs and services or reflect program and/or Board policy changes, or to extend Agreement term to avoid services disruption, provided that: 1) the

County's total payments under this Agreement does not exceed an increase of 10 percent from the applicable annual contract amount which the Board is being asked to approve in Recommendation 1; 2) your Board has appropriated sufficient funds for all changes; 3) approval by County Counsel, or designee, is obtained prior to any such amendments; and 4) the Director notifies your Board and Chief Executive Officer of any amendments in writing within 30 days after execution of each amendment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

ValueOptions ASO Agreement will expire on June 30, 2014. Board approval of the term extension will enable the Department of Mental Health (DMH) to continue the provision of obligatory, uninterrupted and timely Specialty Mental Health Services to the "Katie A." certified class Medi-Cal beneficiaries who have been placed by a public agency in out-of-County foster and group homes, or in-home kinship placements.

This contract extension is necessary to allow DMH the timeframe needed to enter into a new ASO contract with a qualified proposer selected through a competitive Request for Proposals (RFP) process. DMH administrative and program staff have begun the strategic planning phase of the ASO RFP solicitation process. DMH is requesting for a one-year extension, recognizing the necessarily lengthy RFP process and potential unpredictable factors such as number of proposals received and number of protests submitted by vendors. DMH will return to your Board upon completion of the RFP process and recommend a contract award to the top ranking proposer.

Implementation of Strategic Plan Goals

The recommended actions support the County's Strategic Plan Goal 3, Integrated Services Delivery.

FISCAL IMPACT/FINANCING

The total estimated annual contract extension amount is \$1,506,500, fully funded by \$750,000 in FFP and \$756,500 in Sales Tax Realignment revenues which includes a \$6,500 fee for an annual software maintenance. Funding for this Amendment is included in DMH's FY 2014-15 Recommended Budget.

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

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

ValueOptions is a private managed care corporation with its main headquarters located in Norfolk, Virginia, an administration service center in Colorado Springs, Colorado, and a local administration office in Long Beach, California. ValueOptions administers a California statewide ASO program with outpatient Specialty Mental Health Services provided to full-scope Medi-Cal eligible out-of-County children and youth, ages zero (0) through eighteen (18).

ValueOptions serves an estimated population of 1,200 Los Angeles County foster care children and youth who are Medi-Cal eligible and "Katie A." certified class members, residing outside of Los

Angeles County. ValueOptions provides this vulnerable population with a network of mental health service providers who meet their cultural, linguistic, and specialty needs, consistent with federal and State requirements, 24 hours a day, 365 days a year. The ASO services include credentialing licensed network providers, determining service needs, authorizing claims, reimbursing network providers, and handling complaints and grievances.

The attached Amendment includes revisions to the Agreement's payment provisions whereby providing the County greater flexibility on payments for claims and improved recoupment mechanism which significantly reduces the County's financial risk.

The attached Amendment has been approved as to form by County Counsel. DMH programs administration staff will continue to supervise and monitor the Contractor's adherence to Agreement provisions to ensure quality services will be provided.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Board approval of the contract extension will ensure that out-of-County "Katie A." population will have continued and uninterrupted access to the Specialty Mental Health Services while DMH is conducting the ASO RFP process. Upon completion of the RFP process, a new contract will be awarded to the successful proposer to assume the continual provision of the required ASO services to the target population.

Respectfully submitted,



MARVIN J. SOUTHARD, D.S.W.

Director of Mental Health

MJS:MM:
BM:RK:cc

Enclosures

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

CONTRACT NO. MH190063

AMENDMENT NO. 8

THIS AMENDMENT is made and entered into this ____ day of____, 2014, by and between the COUNTY OF LOS ANGELES (hereafter "County") and ValueOptions, Inc. (hereafter "Contractor").

WHEREAS, County and Contractor have entered into a written Agreement, dated June 16, 2009, identified as County Agreement No. MH190063, as subsequently amended (hereafter "Agreement"); and

WHEREAS, County and Contractor intend to amend Agreement only as described hereunder; and

WHEREAS, Agreement is due to expire on June 30, 2014, County and Contractor intend to amend Agreement to extend the term for one year, beginning July 1, 2014 through June 30, 2015, to allow County for the award of a new Administrative Services Organization (ASO) services contract through a competitive solicitation process; and

WHEREAS, County and Contractor intend to amend Agreement to revise Article III, CLAIMS PAYMENT; RESPONSIBILITIES OF VALUEOPTIONS, Paragraph 3.5 by adding Subparagraph D as follows:

"D. Pre-Payment of Funds. In lieu of Sections 3.5 A, B and C above, County may elect to make a pre-payment of funds. If County elects to prepay, County shall forward a warrant/check to Contractor every two-month, commencing on July 1, 2014.

Contractor shall deposit the funds in a bank account designated for purposes of payment of claims to providers of service. The pre-payment amount shall be calculated based on the prior two months' actual payments Contractor made to the providers of services. Contractor shall provide County a reconciliation report of pre-payments against actual expenditures every two-month. In addition, Contractor shall provide County with Contractor's Health Insurance Portability and Accountability Act (HIPAA) Compliant 837 Claim File every 90 days for the duration of the extension and 90 days after expiration or termination of the extension, whichever comes first, for the purposes of making Medi-Cal claims to the California Department of Health Care Services (CDHCS)"; and

WHEREAS, County and Contractor intend to amend Agreement to revise Article III, CLAIMS PAYMENT; RESPONSIBILITIES OF VALUEOPTIONS by adding Paragraph 3.8 **Recovery of Pre-Paid Funds** as follows:

"3.8 Recovery of Pre-Paid Funds.

A. Contractor shall provide County with a final billing report within 90 days following the expiration or termination of the Agreement along with a cumulative reconciliation report for the final accounting of services rendered, against the total pre-payment amounts received.

B. Contractor shall pay back to County any pre-payment amounts in excess of the actual expenditures of network providers upon expiration or termination of Agreement.

C. Within ten (10) business days after written notification by County to Contractor of any amount due by Contractor to County, Contractor shall notify

County as to which of the following two (2) options Contractor will employ in order to make payment in full to County:

(1) Total amount owed by Contractor will be paid in one cash payment to County; or

(2) Total amount owed by Contractor will be paid through multiple cash payments to County over a period not to exceed three (3) months.

D. If Contractor does not so notify County within such ten (10) days, County shall determine which of the above payment options will be used to recover County funds from Contractor." and

WHEREAS, for FY 2014-15, the Maximum Contract Amount shall be \$1,506,500.

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

1. The Agreement is extended for one year, beginning July 1, 2014 through June 30, 2015, to allow County time in which to complete a competitive solicitation process for a new ASO services contract.
2. The FY 2014-15 Maximum Contract Amount is \$1,506,500.
3. Revise Article III, CLAIMS PAYMENT; RESPONSIBILITIES OF VALUEOPTIONS, Paragraph 3.5 by adding Subparagraph D as follows:

"D. Pre-Payment of Funds. In lieu of Sections 3.5 A, B and C above, County may elect to make a pre-payment of funds. If County elects to prepay, County shall forward a warrant/check to Contractor every two-month, commencing on

July 1, 2014. Contractor shall deposit the funds in a bank account designated for purposes of payment of claims to providers of service. The pre-payment amount shall be calculated based on the prior two months' actual payments Contractor made to the providers of services. Contractor shall also provide County a reconciliation report of pre-payments against actual expenditures every two-month. In addition, Contractor shall provide County with Contractor's HIPAA Compliant Claim 837 File every 90 days for the duration of the extension, or up to the termination of the extension, whichever comes first, for the purposes of Medi-Cal claiming to CDHCS."

4. Revised Article III, CLAIMS PAYMENT; RESPONSIBILITIES OF VALUEOPTIONS by adding Paragraph 3.8 **Recovery of Pre-Paid Funds** as follows:

"3.8 Recovery of Pre-Paid Funds.

A. Contractor shall provide County with a final billing report within 90 days following the expiration or termination of the Agreement along with a cumulative reconciliation report for the final accounting of services rendered against the total pre-payment amounts received.

B. Contractor shall pay back to County any pre-payment amounts in excess of the actual expenditures of network providers upon expiration or termination of Agreement.

C. Within ten (10) business days after written notification by County to Contractor of any amount due by Contractor to County, Contractor shall notify County as to which of the following two (2) options Contractor will employ in order to make payment in full to County:

(1) Total amount owed by Contractor will be paid in one cash payment to County; or

(2) Total amount owed by Contractor will be paid through multiple cash payments to County over a period not to exceed three (3) months.

D. If Contractor does not so notify County within such ten (10) days, County shall determine which of the payment options above will be used to recover County funds from Contractor."

5. 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 on its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
MARVIN J. SOUTHARD, D.S.W.
Director of Mental Health

ValueOptions, Inc.
CONTRACTOR

By _____

Name Myron Unruh

Title Service Center Vice President
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM:
OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT
ADMINISTRATION:

DEPARTMENT OF MENTAL HEALTH

By _____
Chief, Contracts Development
and Administration Division