

**COUNTY OF LOS ANGELES**

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**DEPARTMENT OF MENTAL HEALTH**

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Reply To: (213) 738-4601  
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April 01, 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

20 April 1, 2014

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

Dear Supervisors:

**AUTHORIZATION FOR THE DEPARTMENTS OF MENTAL HEALTH, PUBLIC HEALTH, AND PUBLIC SOCIAL SERVICES TO SIGN AND EXECUTE MEMORANDA OF UNDERSTANDING WITH CARE 1ST HEALTH PLAN AND MOLINA HEALTHCARE OF CALIFORNIA PARTNER PLAN, INC., FOR THE PROVISION OF SPECIALTY MENTAL HEALTH SERVICES, SUBSTANCE USE DISORDER TREATMENT, AND IN-HOME SUPPORTIVE SERVICES FOR THE CAL MEDICONNECT PROGRAM**

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

**SUBJECT**

Request approval for the Departments of Mental Health, Public Health, and Public Social Services to enter into separate Memoranda of Understanding with Care 1st Health Plan and Molina Healthcare of California Partner Plan, Inc., to meet State and federal requirements for the Cal MediConnect Program.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the Directors of Department of Mental Health (DMH), Department of Public Social Services (DPSS), and Department of Public Health (DPH), or their respective designees, to execute separate Memoranda of Understanding (MOUs) with each of the following Health Plans: Care 1st Health Plan (Care 1st) and Molina Healthcare of California Partner Plan, Inc. (Molina), substantially similar to the MOUs that the three Departments executed with L.A. Care Health Plan (L.A. Care) and Health Net Community Solutions, Inc. (Health Net), for the provision of specialty mental health, substance use disorders (SUD) treatment, and In Home Supportive Services (IHSS) to beneficiaries

participating in the Cal MediConnect Program. These MOUs will be effective April 1, 2014 through December 31, 2017.

2. Delegate authority to the Directors of DMH, DPH, and DPSS, or their respective designees, to sign and execute future required substantially similar MOUs with other health plans identified by the California Department of Health Care Services (CDHCS) and Centers for Medicare & Medicaid Services (CMS) to participate in the Cal MediConnect Program, subject to review and approval by County Counsel. The respective Directors of DMH, DPH, and DPSS will notify your Board and the Chief Executive Officer (CEO) in writing within ten days after execution of each MOU.

3. Delegate authority to the Directors of DMH, DPH, and DPSS, or their respective designees, to make modifications and/or execute amendments, including for the extension of term, to any of the approved Cal MediConnect Program MOUs provided that any such modification or amendment is necessary to improve care coordination, improve operational processes, or meet State or federal requirements related to the Cal MediConnect Program, subject to review and approval by County Counsel and ten days advance notification to your Board and the CEO of such modifications and/or amendments.

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

Board approval of the recommended action will allow DMH, DPH, and DPSS to execute MOUs with Care 1st and Molina (Health Plans), to meet the CMS and DHCS requirements pertaining to the coordination and integration of services to beneficiaries who meet medical necessity criteria for specialty mental health services and substance use disorder (SUD) treatment, and the coordination of In-Home Supportive Services (IHSS) to beneficiaries who meet IHSS eligibility criteria.

On August 13, 2013, your Board authorized the Directors of DMH, DPH, and DPSS to enter into separate MOUs with two health plans, L.A. Care and Health Net for the provision of specialty mental health services, SUD treatment, and IHSS to beneficiaries participating in the Cal MediConnect Program. L.A. Care and Health Net were the two health plans originally designated by the CDHCS to participate in the program. In February 2014, to ensure adequate capacity, the CDHCS selected two more health plans to be part of the Cal MediConnect Program: Care 1st and Molina. Like L.A. Care and Health Net, these two newly-selected health plans are required by the State to execute MOUs and coordinate with DMH, DPH, and DPSS to ensure that beneficiaries have access to services and treatment. CDHCS has identified at least one additional health plan but, at this time, has not yet provided the County with information regarding the official entity with which DMH, DPH, and DPSS will need to execute MOUs.

The Cal MediConnect Program is a three year demonstration program for coverage of individuals with eligibility for both Medicare and Medi-Cal. The purpose of the program is to develop a seamless system of care coordination and care management for enrolled beneficiaries. The Cal MediConnect Program coordinates medical, mental health, substance use, and Long Term Services and Supports (LTSS) including IHSS services. The MOUs will establish the parties' mutual understandings, commitments, and protocols with respect to how specialty mental health, SUD, and IHSS services funded by Medicare and Medi-Cal will be coordinated and managed among organizations to optimize services for beneficiaries. The MOUs will address the following areas: 1) the role and responsibilities of DMH, DPH, DPSS and the Health Plans, 2) how care will be coordinated by and between DMH, DPH, DPSS, and the Health Plans, 3) the process for information exchange between DMH, DPH, DPSS, and the Health Plans, and 4) shared financial accountability strategies between

DMH, DPH, and the Health Plans. The DPSS MOUs are non-financial.

The implementation date of the Cal MediConnect Program in Los Angeles County is April 1, 2014 and the MOUs will therefore be effective April 1, 2014, through December 31, 2017, the anticipated term of the demonstration program.

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

The recommended actions support the County's Strategic Plan Goal 1, Operational Effectiveness and Goal 3, Integrated Services Delivery.

### **FISCAL IMPACT/FINANCING**

The DMH and DPH MOUs describe the Health Plans authorization and reimbursement processes for Medicare eligible services under the Cal MediConnect Program. All Medicare and non-specialty Medi-Cal mental health services will be the responsibility of the Health Plans under the Cal MediConnect Program and funding for those services is included in the Health Plans' capitation payment from the State. Medi-Cal specialty mental health services not covered by the Medicare benefit will not be included in the Health Plans capitation payment.

Medi-Cal specialty mental health services will continue to be funded by DMH for beneficiaries that meet Medi-Cal medical necessity utilizing existing County funds. Medi-Cal specialty SUD services for beneficiaries that meet Drug/Medi-Cal medical necessity criteria will continue to be funded by Medi-Cal and State Realignment revenues, with services administered through DPH.

Additionally, these MOUs also address shared financial accountability strategies to improve coordination of services and reduce cost shifting between Medicare and Medi-Cal specialty mental health and SUD services. DMH, DPH, and the Health Plans will develop formal financial arrangements for shared cost savings resulting from achieving shared performance metrics.

Although the Health Plans will have the responsibility to coordinate services provided by the IHSS Program, California Department of Social Services will continue to administer and provide funding for the IHSS Program through the new Maintenance of Effort (MOE) structure. The role and responsibilities for DPSS will not change. The IHSS services covered under DPSS MOUs have no additional net County cost impact, once the MOE is met.

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

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

In January 2012, Governor Jerry Brown announced his Coordinated Care Initiative (CCI) to enhance health outcomes and beneficiary satisfaction for beneficiaries of both the Medicare and Medi-Cal programs, referred to as dual eligible beneficiaries, while achieving substantial savings from rebalancing service delivery away from institutional care and into the home and community. To execute this initiative, eight counties, including Los Angeles County, were selected by the State to implement a three-year demonstration program for Medicare and Medi-Cal beneficiaries.

L.A. Care and Health Net were originally the only two local managed care health plans selected by CDHCS and CMS to provide health, mental health, substance abuse and LTSS services to beneficiaries enrolled in the Cal MediConnect Program. However, in February 2014, the State designated two more Health Plans, Care 1st and Molina (one more plan has been selected but not

yet confirmed by CDHCS), with which MOU agreements are required for the Cal MediConnect Program.

The MOUs with the two additional Health Plans are substantially similar to the Cal MediConnect MOUs executed on August 13, 2013, and have been approved as to form by County Counsel.

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

If the MOUs are not signed and executed, Los Angeles County may be at risk of losing the opportunity to coordinate Medicare and Medi-Cal benefits into a seamless system of care to improve health outcomes, improve beneficiary satisfaction, and reduce health care cost.

Respectfully submitted,



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



JONATHAN E. FIELDING, M.D., M.P.H.  
Director and Health Officer



SHERYL L. SPILLER  
Director of Public Social Services

MJS:CCS:RK:sk

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