



LOS ANGELES COUNTY DEPARTMENT OF MENTAL HEALTH
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ADOPTED

BOARD OF SUPERVISORS
 COUNTY OF LOS ANGELES

May 06, 2014

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

35 May 6, 2014

Sachi A. Hamai
 SACHI A. HAMAI
 EXECUTIVE OFFICER

Dear Supervisors:

AUTHORIZATION TO CONTRACT WITH COLLEGE HEALTH IPA, MANAGED HEALTH NETWORK INC., AND MOLINA HEALTHCARE OF CALIFORNIA PARTNER PLAN, INC., FOR MEDICARE REIMBURSEMENT OF MENTAL HEALTH SERVICES PROVIDED TO BENEFICIARIES ENROLLED IN THE CAL MEDICONNECT PROGRAM (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)

SUBJECT

Authorization for Department of Mental Health to enter into agreements with College Health IPA, Managed Health Network Inc., and Molina Healthcare of California Partner Plan, Inc., to allow Department of Mental Health to be reimbursed for mental health services funded by Medicare and provided to members enrolled in the Cal MediConnect Program in Los Angeles County.

IT IS RECOMMENDED THAT THE BOARD:

1. Delegate authority to the Director of Mental Health (Director), or his designee, to negotiate, sign, and execute three separate provider reimbursement agreements with College Health IPA (CHIPA), Managed Health Network Inc. (MHN), and Molina Healthcare of California Partner Plan, Inc. (Molina), for reimbursement to Department of Mental Health (DMH) at rates that are at or above the Medicare rates for Medicare eligible mental health services provided to beneficiaries enrolled in the Cal MediConnect Program that meet medical necessity criteria in Los Angeles County, with terms effective no sooner than upon your Board's approval and no later than July 1, 2014 continuing through no later than December 31, 2017. DMH will notify your Board and the Chief Executive Officer (CEO) in writing within ten days of execution of each agreement.
2. Delegate authority to the Director, or his designees, to negotiate, sign and execute future substantially similar agreements with other health plans and/or behavioral health organizations, as

necessary, to enable such health plans or behavioral health organizations to reimburse DMH for Medicare eligible mental health services provided to beneficiaries enrolled in the Cal MediConnect Program, subject to review and approval by County Counsel. DMH will notify your Board and the CEO in writing within ten days of execution of each such agreement.

3. Delegate authority to the Director, or his designee, to negotiate, sign, and execute future amendments to the agreements authorized in Recommendation 1 or 2, including extending the term of the agreements in the event the term of the Cal MediConnect Program is extended, provided that any changes to the agreement are necessary to improve care coordination, improve operational efficiencies, add clarity, and/or meet State or federal requirements and approval of County Counsel, is obtained prior to any such amendments; and the Director notifies your Board and the CEO in writing within ten days of execution of each amendment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Cal MediConnect 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 beneficiaries that will enroll in the program effective April 1, 2014. Board approval of recommended actions will allow DMH to expedite the process of executing agreements, once they are finalized, with CHIPA, MHN, and Molina to: 1) meet Center for Medicare & Medicaid Services (CMS) and California Department of Health Care Services (CDHCS) requirements to coordinate and integrate services to beneficiaries who meet medical necessity criteria for specialty mental health services; and 2) receive Medicare reimbursement from CHIPA, MHN, and Molina for the provision of mental health services funded by Medicare for beneficiaries participating in the Cal MediConnect Program.

On August 13, 2013 and April 1, 2014, your Board authorized the Directors of Mental Health, Public Health, and Public Social Services to enter into separate Memoranda of Understanding (MOUs) with L.A. Care Health Plan (L.A. Care), Health Net Community Solutions, Inc. (Health Net), Care 1st Health Plan (Care 1st), Blue Cross California Partnership Health Plan Inc. (Blue Cross), and Molina as these health plans (Health Plans) were selected by CMS and CDHCS 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.

DMH is now seeking your Board's approval to execute provider reimbursement agreements with non-standard County terms and conditions and with contractual provisions developed separately by CHIPA, MHN, and Molina in order for DMH to receive reimbursement for mental health services funded by Medicare and provided to members enrolled in the Cal MediConnect Program in Los Angeles County. Under each agreement, DMH, as a provider of service, will be required to meet various contractual requirements developed by CHIPA, MHN, and Molina, including credentialing of staff, obtaining prior treatment authorizations, and conducting quality management.

The agreement with CHIPA will enable DMH to receive Medicare reimbursement from CHIPA for services provided to Cal MediConnect enrollees served by L.A. Care, Care 1st, or Blue Cross Health Plans, as these three Health Plans have contracted with CHIPA to provide a range of behavioral health management services for these health plans. CHIPA, in addition, has an arrangement with Beacon Health Strategies to assist with some of behavioral health management functions such as provider relations and customer service.

The agreement with MHN will enable DMH to receive Medicare reimbursement from MHN for

services provided to Cal MediConnect enrollees served by Health Net, as Health Net has contracted with MHN to provide it with behavioral health management services.

The agreement with Molina will enable DMH to receive Medicare reimbursement from Molina for services provided to Cal MediConnect clients served by Molina which is conducting its own behavioral health management functions including reimbursement of Medicare claims for specialty mental services provided by DMH.

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 Memoranda of Understanding with the Health Plans describe their reimbursement processes for Medicare eligible services under the Cal MediConnect Program. All Medicare and non-specialty mental health services will be the responsibility of the Health Plans. These services are included in the Health Plans' capitated payment from the State. Medi-Cal specialty mental health services that are not covered by the Medicare benefit will continue to be funded by DMH for beneficiaries that meet Medi-Cal specialty mental health medical necessity criteria utilizing existing County funds. DMH will be denied Medicare reimbursement for beneficiaries enrolled in the Cal MediConnect Program unless DMH executes these provider reimbursement agreements.

The agreements with CHIPA, MHN, and Molina will include the standard Medicare reimbursement rate.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In January 2012, Governor Jerry Brown announced his Coordinated Care Initiative (CCI) to enhance health outcomes and satisfaction for beneficiaries of both 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, SUD, and Long Term Services and Supports (LTSS) services to beneficiaries enrolled in the Cal MediConnect Program. In February 2014, CMS and CDHCS selected three additional Health Plans in LA County to ensure adequate capacity: Care1st, Blue Cross, and Molina.

The goals of the Cal MediConnect Program are to coordinate health, mental health, SUD, and LTSS services; to integrate two fee-for-service benefits into a managed care system; to improve health outcomes; to assist beneficiaries with living independently; and to reduce cost. To achieve these goals, DMH, DPH, and the Health Plans will establish Care Management teams comprised of staff from each of the organizations. These teams will develop individual health care plans, coordinate and link beneficiaries to appropriate levels of care, and provide oversight of the program. To ensure continuity of care and to establish a seamless service system, Molina, MHN, and Beacon Health Strategies will credential Medicare eligible DMH staff as a group provider to serve as a member of their respective provider networks. Once staff are credentialed and meet requirements for Medicare

reimbursement, CHIPA, MHN, and Molina will reimburse DMH for Medicare services delivered to beneficiaries.

Under these agreements, DMH is required to meet the terms of each agreement which include, but are not limited to, credentialing DMH staff under each of the Health Plans or their behavioral health organization; secure prior authorizations for specific types of mental health services; participate in quality management and quality improvement activities; and follow agreed upon claiming procedures, mutual indemnification and liability provisions.

The agreements with CHIPA, MHN, and Molina for Medicare reimbursement purposes do not contain County standard terms and conditions since these agreements have been developed by these entities. DMH is still negotiating these agreements with CHIPA, MHN, and Molina and will seek County Counsel's approval as to form before executing them.

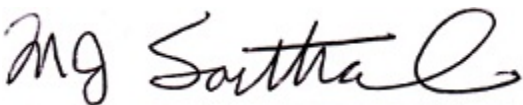
CONTRACTING PROCESS

To meet the CMS and CDHCS' requirements and receive Medicare reimbursement from CHIPA, MHN, and Molina for the provision of specialty mental health services funded by Medicare for beneficiaries participating in the Cal MediConnect Program, DMH is seeking your Board's approval to execute provider reimbursement agreements that do not contain standard County terms and conditions and are developed separately by CHIPA, MHN, and Molina. This contracting process was done outside of the standard County procurement process.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

If DMH does not enter into these agreements with CHIPA, MHN, and Molina there will likely be a significant loss of Medicare revenue to LA County.

Respectfully submitted,



MARVIN J. SOUTHARD, D.S.W.

Director of Mental Health

MJS:CCR:MM:RK:

sk

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