

**COUNTY OF LOS ANGELES**

MARVIN J. SOUTHARD, D.S.W.  
*Director*

SUSAN KERR  
*Chief Deputy Director*

RODERICK SHANER, M.D.  
*Medical Director*



BOARD OF SUPERVISORS  
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**DEPARTMENT OF MENTAL HEALTH**

<http://dmh.lacounty.info>

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

Reply To: (213) 738-4684  
Fax: (213) 381-7092

October 25, 2005

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

Dear Supervisors:

**APPROVAL OF AMENDMENTS TO MENTAL HEALTH SERVICES LEGAL ENTITY  
AGREEMENTS WITH CONTRACT PROVIDERS TO EXTEND THE CASH FLOW  
ADVANCE PROGRAM FOR FISCAL YEAR 2005-06  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

Approve and instruct the Director of Mental Health or his designee to prepare, sign, and execute amendments, substantially similar to Attachment I, to 134 of the Department of Mental Health (DMH) Legal Entity Agreements listed on Attachment II to extend the period of allowable Cash Flow Advance (CFA) for non-Early and Periodic Screening, Diagnosis and Treatment (EPSDT) and EPSDT contract providers to December 31, 2005, for Fiscal Year (FY) 2005-06, effective upon Board approval.

This action will extend the CFA period of non-EPSDT contractors for three (3) additional months and one (1) additional month for EPSDT contractors. The amendments will extend the maximum CFA period allowing DMH to extend CFA funds to the contract providers through December 31, 2005, and will enable the contract providers to continue to provide the same level of services currently being provided.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS**

Board approval is requested to authorize use of the amendment format to extend the CFA program for FY 2005-06, on an as needed basis, through December 31, 2005 for non-EPSDT and EPSDT services, by amending existing agreements with the contract providers listed on Attachment II. Extension of the CFA program will enable the

*“To Enrich Lives Through Effective and Caring Service”*

contract providers to continue to provide the same level of services currently being provided without incurring financial hardship due to slower than normal claims processing as a result of the transition to Health Insurance Portability and Accountability Act (HIPAA) complaint claiming and the implementation of the Integrated System (IS). There will be no change to each contractor's Maximum Contract Amount (MCA). There will also be no change in DMH's appropriation.

This action is needed to address IS processing time delays that will result in financial hardship to contractors providing much needed mental health services. The average claims processing time under the IS is approximately 103 days to process and pay a contractor versus 45 days under the previous pre-HIPAA Mental Health Management Information Systems. Significant progress has occurred to diminish the claim life cycle under the IS from a high of 260 days to the current 103 days and work continues to bring that number down further. However, the effect of the longer claim processing cycle is that, while pre-HIPAA cash flow would resume to normal by mid September of the fiscal year, under the IS we project the resumption of cash flow for FY 2005-06 to occur by December. Consequently, we are requesting that the CFA program be extended through December 31, 2005.

An overview of the current issues causing these delays and a detailed description of the actions taken by DMH to address and reduce the claims life cycle to the extent possible is included under Attachment III. Among the most significant actions yet to be taken that we expect will help reduce the claims processing cycle time are:

- Begin claiming for Medi-Cal outpatient services directly from the IS; and
- Shift responsibility for the actual submission of claims files back to DMH from Sierra Systems Group (SSG).

While all of the contract providers listed on Attachment II will have access to the CFA program, DMH anticipates that, as the claims and State adjudication processes improve, not all providers will need to request CFA and/or the CFA amount requested will be at the one-twelfth (1/12<sup>th</sup>) of the MCA less the dollar value of State-approved claims. Currently, some providers are showing greater progress than others in having their claims timely processed to adjudication status and paid, which suggests that the IS is not the only contributor to the increased processing time for claims. The extent to which claims processing performance varies by contractor depends on the extent to which they:

- Hire additional staff to address greater demands of post-HIPAA claims processing;
- Aggressively work denied claims;

- Attend DMH IS training and Production Support Lab sessions to improve their knowledge and skills;
- Request on-site assistance by DMH staff to help them improve their claims processing performance; and
- Closely watch reports so that they can get early warning of growing problems and work with DMH to resolve them.

DMH has and continues to meet with State personnel regarding statutory time frames for claiming. DMH is seeking uniform application of Welfare and Institutions Code provisions which will enable DMH to receive partial payment for claims submitted past certain statutory time frames. Partial payment is available for physical health services but currently unavailable for Short-Doyle mental health services. The State has not yet fully developed its position on some of the issues, but discussions continue.

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

The recommended Board action is consistent with the principles of the Countywide Strategic Plan Programmatic Goal No. 5, "Children and Families Well-Being"; Goal No. 6, "Community Services"; and Goal No. 7, "Health and Mental Health." Extension of the CFA program will enable the contract providers to continue to provide the same level of services currently being provided by the agencies.

### **FISCAL IMPACT/FINANCING**

Based on the monthly average of State-approved claims, and the timing for claim approval and payment to contractors, DMH estimates it may pay CFAs of approximately \$26 million to a maximum of \$45 million (1/12<sup>th</sup> of the MCA) for the months of October and November 2005. For December 2005, DMH anticipates cash flow to resume and estimates a maximum CFA of \$11.6 million will be paid. At no time will the monthly CFA exceed one-twelfth of the MCA nor will FY 2005-06 total disbursements by County to contract providers for CFAs and actual approved services exceed the FY 2005-06 MCAs. Attachment IV depicts DMH's anticipated timeline for the processing and eventual payment of approved claims for the July through December 2005 service month claims.

DMH currently has \$16 million in approved claims that it will process in October 2005. This amount will reduce the CFA on a dollar-for-dollar basis for October, leaving a maximum CFA potential as stated previously. Likewise, November and December CFAs will be reduced by the level of approved claims which are pending from the State. Monthly CFAs will be based on one-twelfth (1/12<sup>th</sup>) of the MCA less the amount of

State-approved claims. Therefore, while all of the contract providers listed on Attachment II will have access to the CFA program, DMH anticipates that, as the claims and adjudication processes improve, not all providers will need to request monthly CFAs. In determining a contractor's need for CFA, DMH will evaluate the level of approved units of service currently in the IS for FY 2005-06 versus those in the pre-IS FY 2003-04 database, the last fiscal year when IS and HIPAA-related claims processing operations issues did not prevent billing or paying approved claims on a timely basis. Contractors that demonstrate anomalies in their FY 2005-06 IS claims and approvals for reimbursement and are at less than 75 percent of their FY 2003-04 level will be eligible for CFA.

The County General Fund (CGF) financing for the CFA program is accomplished by using DMH's existing appropriation in the Adopted Budget for contract provider services for the Federal Financial Participation (FFP), EPSDT-State General Fund (SGF), and other non-Medi-Cal funding sources. The CFA will be recovered from these contract providers upon DMH receipt of the FFP, EPSDT-SGF, and revenues from other funding sources for the billed services.

There will be no impact on net County cost as the CGF will be repaid with the FFP, EPSDT-SGF, and revenue from other funding sources. The recovery of the CFAs will be initiated by DMH as State approvals are received; full recovery will begin by July 2006 as specified in the Legal Entity Agreement. Should a contract provider default on its CFA, County Counsel has provided an opinion that the loss can be paid with Sales Tax Realignment funds. The Sales Tax Realignment funds used to offset any paid debts are identified at the time the contract provider defaults on its obligation to repay the County.

DMH will continue its CFA monitoring procedures to ensure any cash flow problems are promptly reported to the Board, Chief Administrative Officer (CAO), and Auditor-Controller.

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

This third CFA Board action is to extend the CFA program in FY 2005-06 through December 2005 for 134 contract providers who continue to need CFA due to insufficient Medi-Cal approved services.

On February 15, 2005, your Board approved the second extension of the CFA program for FY 2004-05, an additional month for non-EPSDT and EPSDT contract providers until March 2005 for 134 contract providers. Total CFAs by DMH for FY 2004-05 were \$193 million. DMH has substantially mitigated this balance this fiscal year and has a

current unmitigated CFA balance for FY 2004-05 of approximately \$47 million. DMH's current unmitigated CFA balance for FY 2003-04 is approximately \$3.5 million; however, we anticipate these balances will be further mitigated as the State continues to process FY 2004-05 units of service for approval through their adjudication process and through the Department's final settlement process.

On November 30, 2004, your Board approved the first extension of the CFA program for FY 2004-05, an additional three months for non-EPSDT contract providers from three months to six months and EPSDT contract providers from five months to eight months until February 2005 for 134 contract providers. In response to Supervisor Molina's November 30, 2004 Board-adopted Motion, DMH is providing a quarterly status report on efforts to improve the IS.

The proposed action has been reviewed and approved by County Counsel, the CAO, and the Auditor-Controller.

The amendment format has been reviewed and approved by County Counsel and includes the new Board-mandated clause on "Contractor's Charitable Activities Compliance" for nonprofit contract providers, as well as the revised Board-mandated clause on "Contractor Responsibility and Debarment."

### **CONTRACTING PROCESS**

This subject does not apply.

All providers listed in Attachment II have a current DMH Legal Entity Agreement.

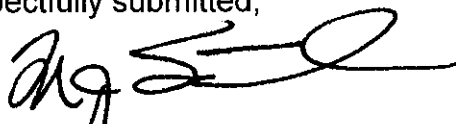
### **IMPACT ON CURRENT SERVICES**

Board approval of this action will enable our contractors to maintain current service levels as they adapt to HIPAA-compliant claiming and the new IS and while DMH works to improve the IS.

**CONCLUSION**

The Department of Mental Health will need one (1) copy of the adopted Board's action. It is requested that the Executive Officer of the Board notifies the Department of Mental Health's Contracts Development and Administration Division at (213) 738-4684 when this document is available.

Respectfully submitted,



Marvin J. Southard, D.S.W.  
Director of Mental Health

MJS:JC:AD:cmk

Attachments (4)

- c: Chief Administrative Officer
- County Counsel
- Auditor-Controller
- Chairperson, Mental Health Commission

**ATTACHMENT I**

CONTRACT NO. \_\_\_\_\_

AMENDMENT NO. \_\_\_\_\_

THIS AMENDMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_, by and between the COUNTY OF LOS ANGELES (hereafter "County")  
and \_\_\_\_\_  
\_\_\_\_\_ (hereafter "Contractor").

WHEREAS, County and Contractor have entered into a written Agreement, dated  
\_\_\_\_\_, identified as County Agreement No. \_\_\_\_\_, and  
any subsequent amendments (hereafter collectively "Agreement"); and

WHEREAS, for Fiscal Year **2005-2006** only, County and Contractor intend to  
amend Agreement only as described hereunder; and

WHEREAS, notwithstanding any other provision of this Agreement, except as it  
relates to an extension of the Cash Flow Advance (CFA) program from October through  
December of FY **2005-2006** only, to allow contract providers to continue to provide the  
same level of services currently being provided without incurring financial hardship due  
to slower than normal claims processing as a result of the transition to Health Insurance  
Portability and Accountability Act (HIPAA) complaint claiming and the implementation of  
the Integrated System (IS), it is the understanding of both parties that this Agreement  
will be amended to reflect special terms and conditions extending the CFA program for  
Fiscal Year **2005-2006** only, and that there will be no change to Contractor's Maximum  
Contract Amount (MCA); and

WHEREAS, the CFA program extension from October through December of Fiscal Year 2005-2006 only, is intended to provide funds to reimburse Contractor for services and/or activities eligible for reimbursement from the County, State and Federal governments until the Contractor has rendered the services and/or activities and the State and Federal governments have made payment for such services and/or activities; and

WHEREAS, the Contractor may request, in writing, monthly CFA from October through December Fiscal Year 2005-2006 only; and

WHEREAS, County may at its sole discretion grant a CFA amount not to exceed \$\_\_\_\_\_ per month from October through December of Fiscal Year 2005-2006 only. County will determine the monthly amount based on one-twelfth (1/12<sup>th</sup>) of the Maximum Contract Amount (MCA) less the dollar value of State-approved claims; and

WHEREAS, for Fiscal Year 2005-2006 and any subsequent fiscal years, County and Contractor intend to amend the Agreement to add revised Board-mandated contract language in regards to "Contractor Responsibility and Debarment"; and

WHEREAS, for Fiscal Year 2005-2006 and any subsequent fiscal years, County and Contractor intend to amend the Agreement to add new Board-mandated contract language in regards to "Contractor's Charitable Activities Compliance."

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



1. Paragraph 4 (FINANCIAL PROVISIONS), Subparagraph K (Cash Flow Advance In Expectation Of Services/Activities To Be Rendered), Subsections (1) and (2) shall be deleted in their entirety and the following substituted therefor:

“K. Cash Flow Advance In Expectation Of Services/Activities To Be Rendered:

All references under Paragraph K to three (3) or five (5) consecutive months shall be deemed amended to state six (6) months.

“(1) Cash Flow Advance shall be available from October through December of Fiscal Year 2005-2006. The total amount of the monthly Cash Flow Advance payment shall not exceed \$ \_\_\_\_\_ for each month through December of Fiscal Year 2005-2006, and will be based on one-twelfth (1/12<sup>th</sup>) of the MCA less the dollar value of State-approved claims.

Director in his sole discretion shall determine whether to approve the request and, if approved, whether the request is approved in whole or in part.”

2. Paragraph 52 (CONTRACTOR RESPONSIBILITY AND DEBARMENT) shall be deleted in its entirety and the following substituted therefor:

“52. CONTRACTOR RESPONSIBILITY AND DEBARMENT

The following requirements set forth in the County’s Non-Responsibility and Debarment Ordinance (Title 2, Chapter 2.202 of the County Code) are effective for this Agreement, except to the extent applicable State and/or Federal laws are inconsistent with the terms of the Ordinance.

A. A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to

satisfactorily perform the contract. It is the County's policy to conduct business only with responsible contractors.

B. The Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the performance of the Contractor on this or other Agreements which indicates that the Contractor is not responsible, the County may, in addition to other remedies provided in the Agreement, debar the Contractor from bidding or proposing on, or being awarded, and/or performing work on County Agreements for a specified period of time, which generally will not exceed five years but may exceed five years or be permanent if warranted by the circumstances, and terminate any or all existing contracts the Contractor may have with the County.

C. The County may debar a Contractor if the Board of Supervisors finds, in its discretion, that the Contractor has done any of the following: (1) violated a term of an Agreement with the County or a nonprofit corporation created by the County; (2) committed an act or omission which negatively reflects on the Contractor's quality, fitness or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same; (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County or any other public entity.

D. If there is evidence that the Contractor may be subject to debarment, the Department will notify the Contractor in writing of the evidence

which is the basis for the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether the contractor should be debarred, and, if so, the appropriate length of time of the debarment. The Contractor and the Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.

F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny or adopt the proposed decision and recommendation of the Hearing Board.

G. If a Contractor has been debarred for a period longer than five years, that Contractor may, after the debarment has been in effect for at least five years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Contractor has adequately demonstrated one or more of the following: (1)

elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the County.

H. The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the Contractor has been debarred for a period longer than five years; (2) the debarment has been in effect for at least five years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

I. These terms shall also apply to (subcontractors/subconsultants) of County Contractors.

3. Paragraph 61 (CONTRACTOR'S CHARITABLE ACTIVITIES COMPLIANCE) shall be added to the Agreement:

"61. CONTRACTOR'S CHARITABLE ACTIVITIES COMPLIANCE

The Supervision of Trustees and Fundraisers for Charitable Purposes Act regulates entities receiving or raising charitable contributions. The "Nonprofit Integrity Act of 2004" (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. By requiring Contractors to complete the certification in Attachment IX, the County seeks to ensure that all County contractors which receive or raise charitable contributions comply with California law in order to protect the County and its taxpayers. A Contractor which receives or raises charitable contributions without complying with its obligations under California law commits a material breach subjecting it to either contract termination or debarment proceedings or both. (County Code Chapter 2.202)."

4. Attachment IX (Charitable Contributions Certification) shall be added to the Agreement.
5. Contractor shall provide services in accordance with the Contractor's Fiscal Year \_\_\_\_ Negotiation Package for this Agreement and any addenda thereto approved in writing by Director.
6. 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 in 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

\_\_\_\_\_  
CONTRACTOR

By \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_  
(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

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**CHARITABLE CONTRIBUTIONS CERTIFICATION**

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Company Name

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Address

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Internal Revenue Service Employer Identification Number

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California Registry of Charitable Trusts "CT" number (if applicable)

The Nonprofit Integrity Act (SB 1262, Chapter 919) added requirements to California's Supervision of Trustees and Fundraisers for Charitable Purposes Act which regulates those receiving and raising charitable contributions.

**Check the Certification below that is applicable to your company.**

- Proposer or Contractor has examined its activities and determined that it does not now receive or raise charitable contributions regulated under California's Supervision of Trustees and Fundraisers for Charitable Purposes Act. If Proposer engages in activities subjecting it to those laws during the term of a County contract, it will timely comply with them and provide County a copy of its initial registration with the California State Attorney General's Registry of Charitable Trusts when filed.

**OR**

- Proposer or Contractor is registered with the California Registry of Charitable Trusts under the CT number listed above and is in compliance with its registration and reporting requirements under California law. Attached is a copy of its most recent filing with the Registry of Charitable Trusts as required by Title 11 California Code of Regulations, sections 300-301 and Government Code sections 12585-12586.

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Signature

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Date

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Name and Title of Signer (please print)

**LOS ANGELES COUNTY - DEPARTMENT OF MENTAL HEALTH  
 PROVIDER REIMBURSEMENT - CONTRACT LISTING  
 FISCAL YEAR 2005-2006  
 AS OF OCTOBER, 2005**

| No. | Sup District | Organization Name<br>Legal Entity Name (dba) - per Contract     | FY 2005-06<br>Contract<br>Number | CURRENT<br>Maximum<br>Contract Amount<br>(MCA) | 1/12 of MCA |
|-----|--------------|---|----------------------------------|--|-------------|
| 1   | 2            | 1736 Family Crisis Center                                       | 02268                            | \$ 379,000                                     | \$ 31,583   |
| 2   | 2            | Aids Project Los Angeles, Inc.                                  | 02269                            | 124,597  | 10,383      |
| 3   | 2            | Alcott Center for Mental Health Services                        | 02094                            | 1,268,767                                      | 105,731     |
| 4   | 1            | ASC Treatment Group (Anne Sippl)                                | 02270                            | 824,910  | 68,743      |
| 5   | 2            | Asian American Drug Abuse Program, Inc.                         | 02096                            | 333,000  | 27,750      |
| 6   | 2            | Asian Rehabilitation Services, Inc.                             | 02271                            | 191,777  | 15,981      |
| 7   | 4            | Aspen Community Services  | 02272                            | 2,481,698                                      | 206,808     |
| 8   | 1            | Assoc League of Mex-Amer dba ALMA Family Svcs                   | 02273                            | 5,413,981                                      | 451,165     |
| 9   | 1            | B.R.I.D.G.E.S.  | 02274                            | 2,361,016                                      | 196,751     |
| 10  | 2            | Barbour and Floyd Associates                                    | 02097                            | 1,997,723                                      | 166,477     |
| 11  | 2            | Behavioral Health Services                                      | 02098                            | 816,000  | 68,000      |
| 12  | 5            | Bienvenidos Children's Center, Inc.                             | 02274                            | 2,790,801                                      | 232,567     |
| 13  | 1            | California Hispanic Commission                                  | 02099                            | 1,136,300                                      | 94,692      |
| 14  | 4            | California Institute of Health & Social Svcs, Inc.              | 02277                            | 1,314,000                                      | 109,500     |
| 15  | 2            | Caring for Children and Families with AIDS                      | 02278                            | 1,185,900                                      | 98,825      |
| 16  | 1            | Catholic Healthcare West dba California Hospital Medical Center | 02279                            | 932,600  | 77,717      |
| 17  | 3            | Cedars-Sinai Medical Center (Thalians)                          | 02280                            | 629,837  | 52,486      |
| 18  | 3            | Center for Healthy Aging  | 02100                            | 401,557  | 33,463      |
| 19  | 5            | Center for Integrated Family & Health Services                  | 02281                            | 996,000  | 83,000      |
| 20  | 5            | Child and Family Center (Santa Clarita Valley Child)            | 02282                            | 5,789,178                                      | 482,432     |
| 21  | 3            | Child and Family Guidance Center (SFV)                          | 02283                            | 16,830,660                                     | 1,402,555   |
| 22  | 4            | ChildNet Youth and Family Services, Inc.                        | 02101                            | 7,484,102                                      | 623,675     |
| 23  | 2            | Children's Bureau of Southern California                        | 02284                            | 8,062,541                                      | 671,878     |
| 24  | 3            | Children's Hospital of Los Angeles                              | 02285                            | 7,305,024                                      | 608,752     |
| 25  | 2            | Children's Institute International                              | 02286                            | 8,247,924                                      | 687,327     |
| 26  | 2            | City of Gardena   | 02102                            | 91,528   | 7,627       |
| 27  | 4            | Clontarf Manor  | 02287                            | 961,800  | 80,150      |
| 28  | 1            | Community Counseling Service of L. A., Inc.                     | 02288                            | 5,585,683                                      | 465,474     |
| 29  | 4            | Community Family Guidance Ctr (Fam Youth & Stars)               | 02289                            | 3,552,738                                      | 296,062     |
| 30  | 4            | Couns. & Research Assn, Inc (Masada Homes)                      | 02104                            | 6,554,736                                      | 546,228     |
| 31  | 3            | Counseling4Kids (Childreach)                                    | 02290                            | 3,998,100                                      | 333,175     |
| 32  | all          | Devereux Foundation dba Santa Barbara County                    | 02292                            | 2,703,900                                      | 225,325     |
| 33  | 2            | Didi Hirsch Psychiatric Service                                 | 02293                            | 16,096,962                                     | 1,341,414   |
| 34  | 2            | Drew Child Development Corporation                              | 02294                            | 1,034,000                                      | 86,167      |
| 35  | 3            | Dubnoff Center for Child Development                            | 02295                            | 2,030,113                                      | 169,176     |
| 36  | 5            | D'Veal Corp (D'Veal Family and Youth)                           | 02105                            | 5,402,389                                      | 450,199     |
| 37  | 3            | El Centro De Amistad, Inc.                                      | 02296                            | 1,595,604                                      | 132,967     |
| 38  | 1            | El Centro Del Pueblo, Inc.                                      | 02297                            | 600,000  | 50,000      |
| 39  |              | Emotional Health Association (SHARE)                            | 02299                            | 422,560  | 35,213      |
| 40  | 5            | ENKI Hlth and Research, Sys, Inc. (Children & Youth)            | 02300                            | 21,335,736                                     | 1,777,978   |
| 41  | 1            | Ettie Lee Homes, Inc.   | 02302                            | 2,026,000                                      | 168,833     |
| 42  | 2            | Exodus Recovery, Inc.   | 02303                            | 2,217,185                                      | 184,765     |
| 43  | 3            | FH & HF Torrance I, LLC dba Sunnyside Rehab                     | 02304                            | 883,949  | 73,662      |
| 44  | 1            | Filipino-American Services Group, Inc.                          | 02305                            | 57,402   | 4,784       |
| 45  | 5            | Five Acres - The Boys and Girls Aid Society                     | 02306                            | 9,032,000                                      | 752,667     |
| 46  | 1            | Florence Crittenton Center                                      | 02307                            | 1,000,000                                      | 83,333      |
| 47  | n/a          | Florence Crittenton Svcs of Orange County, Inc                  | 02308                            | 2,250,000                                      | 187,500     |
| 48  | 5            | Foothill Family Service   | 02309                            | 6,568,860                                      | 547,405     |
| 49  | 4            | For The Child (Cedar House)                                     | 02310                            | 1,015,860                                      | 84,655      |
| 50  | 1            | Gateways Hospital and Mental Health Center                      | 02311                            | 12,579,175                                     | 1,048,265   |
| 51  | 2            | Gay & Lesbian Adol Soc Svcs (GLASS)                             | 02312                            | 2,197,800                                      | 183,150     |
| 52  | 3            | Hamburger Home (Aviva)  | 02313                            | 5,694,083                                      | 474,507     |
| 53  | 4            | Harbor View Rehab. Center (Regency)                             | 02106                            | 3,691,837                                      | 307,653     |
| 54  | 3            | Hathaway Children and Family Services                           | 02314                            | 11,241,039                                     | 936,753     |
| 55  | 1            | Health Research Assn. (USC Alternatives)                        | 02315                            | 277,633  | 23,136      |
| 56  | 4            | Health View, Inc. (San Pedro)                                   | 02316                            | 947,790  | 78,983      |
| 57  | 4            | Helpline Youth Counseling, Inc                                  | 02317                            | 154,800  | 12,900      |
| 58  | 5            | Heritage CI & the Comm Assis Prog for Srs dba Geronet           | 02318                            | 564,418  | 47,035      |
| 59  | 5            | Hillsides Home for Children (Church Home)                       | 02319                            | 7,140,269                                      | 595,022     |
| 60  | 3            | Hillview Mental Health Center, Inc.                             | 02320                            | 7,325,890                                      | 610,491     |



**LOS ANGELES COUNTY - DEPARTMENT OF MENTAL HEALTH  
 PROVIDER REIMBURSEMENT - CONTRACT LISTING  
 FISCAL YEAR 2005-2006  
 AS OF OCTOBER, 2005**

| No. | Sup District | Organization Name<br>Legal Entity Name (dba) - per Contract                        | FY 2005-06<br>Contract<br>Number | CURRENT<br>Maximum<br>Contract Amount<br>(MCA) | 1/12 of MCA |
|-----|--------------|--|----------------------------------|--|-------------|
| 61  | 4            | Homes for Life Foundation  | 02321                            | 1,734,805                                      | 144,567     |
| 62  | 4            | Institute for Applied Behavioral Analysis  | 02107                            | 100,000  | 8,333       |
| 63  | 2            | Institute for Multicultural Counseling & Education                                 | 02322                            | 875,000  | 72,917      |
| 64  | 5            | Institute for the Redesign of Learning (Almanson)                                  | 02323                            | 6,069,473                                      | 505,789     |
| 65  | 1            | Intercommunity Child Guidance Center   | 02324                            | 3,536,013                                      | 294,668     |
| 66  | 2            | Kayne-Eras Center  | 02326                            | 811,000  | 67,583      |
| 67  | 2            | Kedren Comm Mental Health Center   | 02327                            | 21,144,315                                     | 1,762,026   |
| 68  | 3            | Kids First Foundation (dba Mid Valley Youth Center)                                | 02328                            | 1,500,000                                      | 125,000     |
| 69  | 2            | Koreatown Youth & Community Center, Inc.   | 02329                            | 452,961  | 37,747      |
| 70  | 2            | LAMP, Inc.   | 02330                            | 1,844,030                                      | 153,669     |
| 71  | 5            | LeRoy Haynes Ctr. For Child & Family Svcs. Inc.                                    | 02331                            | 2,453,800                                      | 204,483     |
| 72  | 2            | Los Angeles Child Guidance Clinic  | 02332                            | 12,113,304                                     | 1,009,442   |
| 73  | 3            | Los Angeles Gay and Lesbian Comm Services Ctr                                      | 02334                            | 197,789  | 16,482      |
| 74  | 3            | Los Angeles Orphan's Home Society dba Hollygrove                                   | 02109                            | 3,178,052                                      | 264,838     |
| 75  | 1            | Los Angeles Unified School District  | 02335                            | 2,227,789                                      | 185,649     |
| 76  | 1            | Maryvale   | 02336                            | 2,366,001                                      | 197,167     |
| 77  | 5            | McKinley Children's Center, Inc.   | 02337                            | 2,814,560                                      | 234,547     |
| 78  | 3            | National Foundation for the Treatment (Penny Lane)                                 | 02114                            | 12,012,488                                     | 1,001,041   |
| 79  | 4            | National Mental Health Association in LA County                                    | 02339                            | 11,862,347                                     | 988,529     |
| 80  | 3            | New Directions, Inc.   | 02111                            | 174,268  | 14,522      |
| 81  | 5            | New Horizons Family Center   | 02340                            | 537,400  | 44,783      |
| 82  | 3            | Ocean Park Community Center  | 02341                            | 467,960  | 38,997      |
| 83  | 1            | Olive Crest Treatment Centers, Inc.  | 02342                            | 1,025,121                                      | 85,427      |
| 84  | 4            | One in Long Beach, Inc.  | 02112                            | 140,034  | 11,670      |
| 85  | 1            | Optimist Youth Homes   | 02113                            | 4,741,946                                      | 395,162     |
| 86  | 5            | Pacific Clinics  | 02343                            | 47,839,163                                     | 3,986,597   |
| 87  | 3            | Pacific Lodge Youth Services   | 02344                            | 1,500,000                                      | 125,000     |
| 88  | 2            | Para Los Ninos   | 02345                            | 955,100  | 79,592      |
| 89  | 5            | Pasadena Children's Training Society (Sycamores)                                   | 02347                            | 12,420,096                                     | 1,035,008   |
| 90  | 5            | Pasadena Unified School District   | 02348                            | 2,000,000                                      | 166,667     |
| 91  | 1            | Pediatric and Family Medical Center dba Eisner Pediatric and Family Medical Center | 02349                            | 600,000  | 50,000      |
| 92  | 2            | Personal Involvement Center, Inc.  | 02350                            | 1,216,000                                      | 101,333     |
| 93  | 3            | Phoenix Houses of Los Angeles, Inc.  | 02115                            | 1,665,000                                      | 138,750     |
| 94  | 2            | Portals  | 02351                            | 11,762,435                                     | 980,203     |
| 95  | 2            | Prototypes   | 02352                            | 2,785,923                                      | 232,160     |
| 96  | 5            | Rosemary Children's Services   | 02353                            | 1,683,000                                      | 140,250     |
| 97  | 3            | San Fernando Valley Community MHC  | 02354                            | 19,459,663                                     | 1,621,639   |
| 98  | 5            | San Gabriel Children's Center (RTI)  | 02355                            | 1,924,176                                      | 160,348     |
| 99  | 5            | Serenity Infant Care Homes, Inc.   | 02356                            | 830,000  | 69,167      |
| 100 | 2            | SHIELDS for Families Project, Inc.   | 02120                            | 5,433,742                                      | 452,812     |
| 101 | 5            | Social Model Recovery Systems, Inc.  | 02357                            | 2,051,218                                      | 170,935     |
| 102 | 4            | South Bay Children's Health Center   | 02358                            | 618,005  | 51,500      |
| 103 | 2            | South Central Health & Rehab Program (SCHARP)                                      | 02359                            | 5,602,025                                      | 466,835     |
| 104 | 1            | Special Service For Groups   | 02360                            | 12,424,500                                     | 1,035,375   |
| 105 | 1            | SPIRITT Family Services, Inc.  | 02121                            | 450,000  | 37,500      |
| 106 | 3            | St John's Hospital and Health Center   | 02362                            | 2,247,516                                      | 187,293     |
| 107 | 1            | St. Anne's   | 02361                            | 1,437,600                                      | 119,800     |
| 108 | 2            | St. Francis Medical Center - Children's Couns.                                     | 02117                            | 2,040,094                                      | 170,008     |
| 109 | 3            | St. Joseph Center  | 02118                            | 488,205  | 40,684      |
| 110 | 4            | Star View Adolescent Center  | 02122                            | 19,123,523                                     | 1,593,627   |
| 111 | 3            | Step-Up On Second Street, Inc.   | 02123                            | 2,124,448                                      | 177,037     |
| 112 | 3            | Stirling Academy, Inc.   | 02363                            | 2,243,167                                      | 186,931     |
| 113 | 3            | Tarzana Treatment Center, Inc.   | 02124                            | 825,300  | 68,775      |
| 114 | 4            | Telecare Corporation   | 02125                            | 6,190,101                                      | 515,842     |
| 115 | 5            | The Children's Center of the Antelope Valley                                       | 02364                            | 1,019,851                                      | 84,988      |
| 116 | 5            | David & Margaret Home, Inc.  | 02291                            | 1,000,000                                      | 83,333      |
| 117 | 4            | The Guidance Center (Greater Long Beach Child Guidance Ctr., Inc)                  | 02365                            | 8,721,319                                      | 726,777     |
| 118 | 3            | The Help Group Child & Family Center - LA Center for Therapy & Education           | 02366                            | 7,784,271                                      | 648,689     |

**LOS ANGELES COUNTY - DEPARTMENT OF MENTAL HEALTH  
 PROVIDER REIMBURSEMENT - CONTRACT LISTING  
 FISCAL YEAR 2005-2006  
 AS OF OCTOBER, 2005**

| No. | Sup District | Organization Name<br>Legal Entity Name (dba) - per Contract     | FY 2005-06<br>Contract<br>Number | CURRENT<br>Maximum<br>Contract Amount<br>(MCA) | 1/12 of MCA          |
|-----|--------------|---|----------------------------------|--|----------------------|
| 119 | 3            | The Los Angeles Free Clinic                                     | 02333                            | 23,344   | 1,945                |
| 120 | all          | The Regents / UCLA Ties for Adoption                            | 0964                             | 3,200,724                                      | 266,727              |
| 121 | 5            | The Rehab Program at PRCC, Inc. (Pasadena Residential Care Ctr. | 02116                            | 180,000  | 15,000               |
| 122 | 3            | The Village Family Services                                     | 02367                            | 825,200  | 68,767               |
| 123 | 5            | Tobinworld  | 02368                            | 998,000  | 83,167               |
| 124 | 5            | Topanga-Roscoe Corporation (Topanga West)                       | 02369                            | 533,035  | 44,420               |
| 125 | 2            | Transitional Living Centers                                     | 02370                            | 1,667,702                                      | 138,975              |
| 126 | 3            | Traveler's Aid Society of Los Angeles                           | 02371                            | 121,518  | 10,127               |
| 127 | 1            | Trinity El Monte - Trinity Children & Family Svcs               | 02372                            | 1,000,000                                      | 83,333               |
| 128 | 1            | United American Indian Involvement, Inc.                        | 02373                            | 1,095,218                                      | 91,268               |
| 129 | 5            | Verdugo Mental Health Center                                    | 02374                            | 4,635,312                                      | 386,276              |
| 130 | 1            | VIP Community Mental Health Center                              | 02375                            | 5,858,822                                      | 488,235              |
| 131 | 2            | Vista Del Mar Child and Family Services                         | 02376                            | 2,224,750                                      | 185,396              |
| 132 | 2            | Watts Labor Community Action Committee                          | 02377                            | 288,413  | 24,034               |
| 133 | 4            | WRAP Family Services  | 02379                            | 2,210,401                                      | 184,200              |
| 134 | 2            | Westside Center For Independent Living, Inc.                    | 02378                            | 162,708  | 13,559               |
|     |              | <b>GRAND TOTAL</b>  |                                  | <b>\$ 536,001,776</b>                          | <b>\$ 44,666,815</b> |

**Department of Mental Health Actions to Improve Claims Processing  
Performance Resource and Process Improvement Actions**

August 2004 and continuing

DMH CIO staff began conducting IS training and operating Production Support Labs. The Production Support Labs allow users to bring their service utilization data to a DMH site for one-on-one assistance from a DMH staff person knowledgeable about claims processing and the Integrated System (IS). The assistance generally focused on helping providers determine why claims were denied in the IS and to learn how to resolve the denial.

October 2004

Hired a Chief, Data Warehouse and Reporting Section. This consolidated in one unit all of the DMH Chief Information Office Bureau resources that were related to data organization, secure and reliable storage, and appropriate data reporting. This position also provided the necessary leadership for developing a coherent approach to data reporting that was more responsive to user needs, including contract providers. The importance of filling this position with a very capable candidate cannot be overstated because of how important accurate and accessible reports are to provider management of the claiming process.

November 2004 and continuing

DMH contracted with IDA Consulting to provide supplemental training to CIO End User Support and contract provider staff regarding the IS. The training was sometimes one-on-one and at the provider site to help the provider develop their own troubleshooting and problem resolution skills. IDA analyzed some of the more complex processes of the IS in the course of improving IS training and has made many recommendations to improve workflow, functionality and claims processing.

December 2004

DMH deployed the IS/MIS Reconciliation Report on the DMH Website to assist users with identifying potential problems with claims submission. The report provided a graphical display of claims status information that allowed very rapid assessment of where problems might be occurring. This report helped solidify understanding among providers of the importance of completing the entire two-step claiming process and led to improved claiming performance.

CIOB hired a Unit Head, Integrated System Operations. This position provides supervision for the End User Support group that users call when they have IS problems. The new Unit Head led the effort to reduce a growing backlog of IS-related trouble tickets.

### January 2005

DMH and County Counsel met with the State Department of Mental Health and Health Services regarding procedures for handling Medi-Cal claims over six months old that were late because of problems at DMH and the State with implementing HIPAA compliant claiming. State DHS ultimately approved DMH and County Counsel's proposal for identifying and paying Medi-Cal claims more than six months old, but less than 12 months old, that were late due to HIPAA implementation for service dates February 2004 through September 2004. This action has led to the recovery of \$14,455,241 in revenue on 132,855 contract provider claims that would otherwise have been denied by the State.

DMH CIOB obtained additional services in the person of Karen Bollow from Sierra Systems Group (Sierra) to work directly with providers severely impacted by denied claims errors. Ms. Bollow, IDA and DMH staff worked as a team with impacted providers to identify and resolve claims processing errors and increase claims revenue. Ms. Bollow also provided recommendations on ways for Sierra to process specific types of denied claims in mass in order to reduce provider workload and quickly improve claims revenue.

### April and May 2005

Conducted Advanced Training Classes to provide in-depth training on processing specific types of claims and to address areas where providers were known to be having difficulty, such as plan information, eligibility checks, updating enrollment, submitting claims, processing voids, resubmits and rebills, using the claim status detail reports to identify denied claims, and review of the claim processing life cycle.

### May 2005

DMH executed an agreement with Outlook Associates (Outlook) to assist with the establishment of a Revenue Management Unit (RMU) to oversee and manage the claims submission process and collection of revenues. Outlook has provided subject matter expertise, revenue management experience, and oversight for the development of revenue management processes and procedures.

Early in the engagement and the life of the RMU, there was a backlog of service utilization data that had not been entered into the IS and claimed. RMU, in coordination with the CIOB, lead efforts to identify the providers with backlog problems and work with them to eliminate the backlog.

### July 2005

Sierra returned Chris Jacoby to the IS project as the Project Director. Mr. Jacoby came back with a fresh take on what can be accomplished and issues that had long been dormant began to move again. Among his early contributions was dedicating an FTE to revenue and claiming issues and providing DMH with a detailed report on what they believed to be the facts regarding claims processing in the IS. That report proved to be very productive for identifying issues and

focusing work on the most important issues. Significant revenue has been recovered as a result.

#### August 2005

CIOB conducted a focused review of End User Support processes and procedures to incorporate industry best practices and improve the quality and timeliness of the support provided to IS users. End User Support received additional training in the use of some of the software tools available to them. The number of open unresolved trouble tickets has since been reduced from over 1000 before the improvement effort to less than 200 currently. Open unresolved trouble tickets are directly associated with success and timeliness of claims since the majority of trouble tickets are claims-related.

#### September 2005

DMH CIOB provided web accessible user-friendly tools that provide on-line instruction on some of the more complex steps of claims processing or for common errors. DMH CIOB also implemented Microsoft Live Meeting. Live Meeting allows providers to remotely participate in IS training and is developing into an important tool for improving communications with IS users.

DMH CIOB also established a subscription-based e-mail distribution called IS Alert for auto-messaging important IS related information to providers so that they are informed as soon as possible of critical events impacting claims processing or the use of the IS.

IS Alert is the most efficient and timely way to notify IS users and provider management of both planned and unplanned down time, IS changes and updates, and State actions. There are 430 subscribers as of October 18, 2005.

#### October 2005

Electronic Data Interchange (EDI) – EDI in the case of claims processing for contract providers means electronic submission of claims. There are three legal entities in production submitting claims electronically and another four in testing. EDI was the heart of the original vision for HIPAA and yet a minority of DMH contract providers are using it. Direct Data Entry (DDE), using the IS directly to submit claims, was intended in the development of HIPAA to be a fall back capability to allow those providers too small to have systems to process claims. DMH believes that shifting the balance from DDE to EDI will reduce the burden on providers and speed up the claiming process generally. EDI reduces double data entry for providers who have their own internal systems by making the use of the IS necessary only for opening an episode of care. DMH CIOB has hired a new technician to lead efforts to expand the successful use of electronic claims submission among DMH contract providers.

## **System Enhancements**

### April 2005

The Internal Services Department (IS) implemented a new Storage Area Network (SAN) that slightly improved the speed and significantly improved the reliability of the IS.

### August 2005

Installed a new reports server and reports database server to increase speed and reliability when accessing and downloading IS reports. These reports are essential tools for providers to manage their claims processing.

### September 2005

Pending Claims Processing – 155,000 claims that remained in a pending status for greater than 90 days due to matching problems between the IS and the legacy Mental Health Management Information System (MHMIS) were reviewed. Approximately 103,000 have been either matched and the approval/denial information was updated in the IS, or sent to the State for Medi-Cal processing. Approximately 52,000 cannot be matched. There is a slight chance that some of these claims may have been sent to the State before and the matching claims just can't be identified, but most were clearly not sent. This batch will be sent to the State in coming weeks and, if duplicate claims are paid by the State, DMH has a process for identifying them and reimbursing the State.

ISD and Sierra are working to introduced new hardware into the IS configuration to improve performance and claims processing.

Sierra worked with DMH Finance to redesign the workflow in the Claims Adjudication Module to improve the processing time of approved claims (both Medi-Cal and DMH). This is significant because it gives providers more timely information about denied claims so that they can, when appropriate, resubmit claims to DMH and thence to the State when Medi-Cal eligibility is retroactive.

DMH and County Counsel have been in discussions with State officials to consider prorated payment for Medi-Cal claims that are more that six months old but less than 12 months old. The State Department of Health Services (SDHS) does make prorated payments for medical services. If approved, DMH estimates at least \$3 million in additional revenue from this initiative.

### October 2005

The backlog of Medi-Cal claims (837) waiting to be processed has been reduced significantly and will totally be eliminated by late November 2005.

DMH began sending inpatient claims directly from the IS to the State without attempting to match records with the legacy MHMIS. This simplifies the claiming process, removes a source of error and allows claiming to become independent of the MHMIS monthly processing cycle. Inpatient claims are now scheduled to

be sent to the State twice each month rather than monthly as before. DMH is now current with inpatient claims.

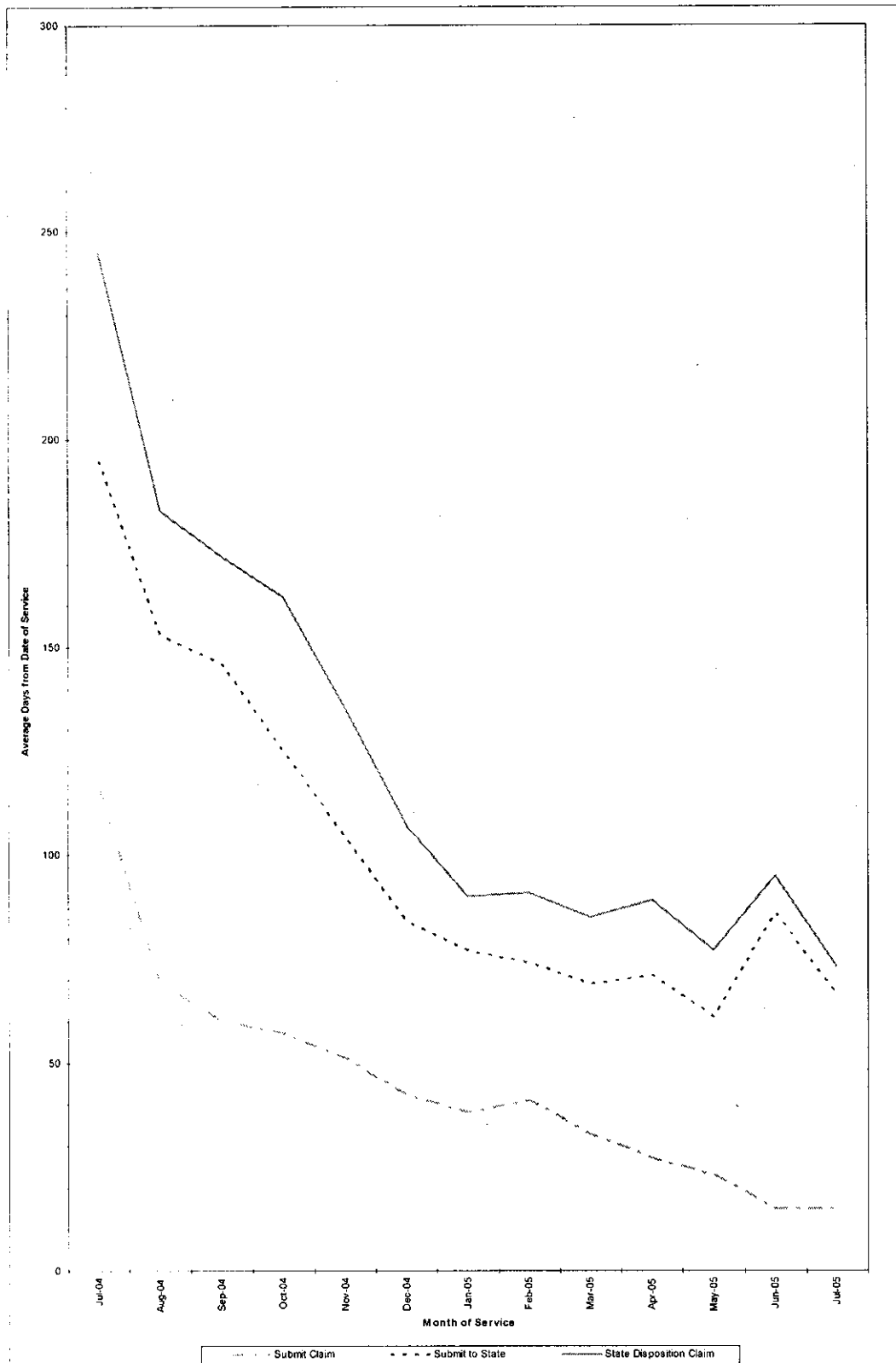
This shift to claiming directly to the State from the IS was done with inpatient claims first because it is a much smaller, and therefore manageable, group of claims with which to prove the concept of direct claiming from the IS.

### **Summary**

Each of the actions above has contributed to improving DMH claims processing performance in ways both large and small. Cumulatively they have decreased the time it takes for providers to get their data into the IS and decreased the time it takes for DMH to submit claims to the State. In parallel, the State has improved its processes and system performance so that they have also reduced the time it takes them to approve and pay or deny a claim. The Figure 1 below shows the impact of the work described above.

The State process has now returned to near pre-HIPAA turnaround times. Provider data entry, on average, is only slightly behind the pre-HIPAA pace. The area where there is still the most need and the most potential for improvement is the time it takes to get a claim to the State once the data has been submitted. Following Figure 1 is a brief summary of actions planned or pending to improve the time it takes to submit a claim to the State once it has been submitted by a provider.

**Figure 1**  
**COUNTY OF LOS ANGELES - DEPARTMENT OF MENTAL HEALTH**  
**Processed Claims Summary by Service Month for Local Plan Contract Providers**  
**as of October 11, 2005**





## Future Enhancements

### November 2005

Install new Biztalk server hardware to improve performance for these critical components of the IS configuration. This is expected to have some impact on the rate at which outbound claims are processed.

### December 2005

Once the existing backlog of claims awaiting processing is cleared as described above in November 2005, Sierra will begin work on submitting outpatient Medi-Cal claims directly to the State without a match to the legacy MHMIS. This is an expansion of the proof of concept described above for inpatient claims. This will accomplish two very important things:

- Outpatient Medi-Cal claims processing will no longer be tied to the MHMIS monthly processing cycle. This means that DMH could process claims to the State as often as weekly. This will clearly reduce the gap between provider claim submission and DMH submission to the State. Since the State processes claims weekly, this will, overall, significantly reduce the total time between claim submission and payment by the State. This will directly impact the need for Cash Flow Advances in the future.
- Elimination of the match between the IS and the legacy MHMIS will also eliminate a source of error because some entirely legitimate claims sometimes don't match between the two systems. Claims that didn't match used to get hung up for months until DMH and Sierra learned to watch for them and figured out how to handle them, but it definitely slows down the process.

One item that is a continuing issue for providers is the current onerous IS eligibility process. All involved agree that it is more complex than necessary. Sierra, once past the claims backlog issue, will explore ways to improve and streamline the eligibility process. This will impact the number of claims a trained user can enter in a day.

### February 2006

The continuing dialog between Sierra and the State has lead to an improved understanding of what is needed to successfully submit claims to the State. Sierra believes that the code used to create the claims files for submission to the State can be substantially simplified and streamlined. This has already been done for creating the Medicare claims file and it resulted in a 30 percent reduction in the time required to produce the claims file. Medi-Cal is a bit more difficult, but an improvement in the range of 20 percent appears possible.

### June 2006

Identify additional provider candidates to submit claims electronically.

COUNTY OF LOS ANGELES DEPARTMENT OF MENTAL HEALTH  
 TIMELINE FOR CASH FLOW ADVANCE (CFA) REQUIREMENTS  
 FISCAL YEAR 2005-06

| Calendar Month   | JULY    | AUGUST  | SEPT     | OCTOBER  | NOV      | DEC      | JANUARY  | FEBRUARY | MARCH    | APRIL    | MAY      | JUNE    |
|--|---------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|---------|
| UOS (M/C & NON M/C) posted in IS <sup>(1)</sup>            |         |         |          |          |          |          |          |          |          |          |          |         |
| MONTH  | \$ 37.0 | \$ 38.0 | \$ 31.0  | \$ 37.0  | \$ 37.0  | \$ 37.0  | \$ 37.0  | \$ 37.0  | \$ 37.0  | \$ 37.0  | \$ 37.0  | \$ 37.0 |
| YTD  | \$ 37.0 | \$ 75.0 | \$ 106.0 | \$ 143.0 | \$ 180.0 | \$ 217.0 | \$ 254.0 | \$ 291.0 | \$ 328.0 | \$ 365.0 | \$ 402.0 |         |
| Payment to providers for MEDI-CAL approval <sup>(2)</sup>  |         |         |          |          |          |          |          |          |          |          |          |         |
| MONTH (A)  | \$ -    | \$ 5.0  | \$ 12.0  | \$ 12.0  | \$ 26.0  | \$ 26.0  | \$ 26.0  | \$ 26.0  | \$ 26.0  | \$ 26.0  | \$ 26.0  | \$ 26.0 |
| YTD  | \$ -    | \$ 5.0  | \$ 17.0  | \$ 29.0  | \$ 55.0  | \$ 81.0  | \$ 107.0 | \$ 133.0 | \$ 159.0 | \$ 185.0 | \$ 211.0 |         |
| Payment to providers for all other services <sup>(3)</sup> |         |         |          |          |          |          |          |          |          |          |          |         |
| MONTH (B)  | \$ -    | \$ 7.4  | \$ 7.6   | \$ 6.2   | \$ 7.4   | \$ 7.4   | \$ 7.4   | \$ 7.4   | \$ 7.4   | \$ 7.4   | \$ 7.4   | \$ 7.4  |
| YTD  | \$ -    | \$ 7.4  | \$ 15.0  | \$ 21.2  | \$ 28.6  | \$ 36.0  | \$ 43.4  | \$ 50.8  | \$ 58.2  | \$ 65.6  | \$ 73.0  | \$ 80.4 |
| Total Payments (A+B)                                       | \$ -    | \$ 12.6 | \$ 18.2  | \$ 19.4  | \$ 33.4  | \$ 33.4  | \$ 33.4  | \$ 33.4  | \$ 33.4  | \$ 33.4  | \$ 33.4  | \$ 33.4 |
| Maximum Contract Allowance @ 1/12th                        | \$ 45.0 | \$ 45.0 | \$ 45.0  | \$ 45.0  | \$ 45.0  | \$ 45.0  | \$ 45.0  | \$ 45.0  | \$ 45.0  | \$ 45.0  | \$ 45.0  | \$ 45.0 |
| Maximum Cash Flow Advance Required <sup>(4)</sup>          | \$ 45.0 | \$ 37.6 | \$ 32.4  | \$ 26.8  | \$ 25.6  | \$ 11.6  |          |          |          |          |          |         |

Summary: Based on this timeline, July's services are not posted into IS at the earliest until August 2005. Based on the average timeframes for processing units through the system, Medi-Cal units of service for July will not flow to providers until the month of September 2005. Hard dollar contracts will flow beginning in August 2005. As a result, CFAs are needed for July through December 2005 as indicated above.

Footnotes:  
 (1) Represents the units of service (UOS) posted to the Integrated System (IS).  
 (2) Represents actual approved year-to-date (YTD) UOS per State explanation of benefits (EOB). October through end of fiscal year estimate is based on average historical trend.  
 (3) Represents calendar month for which the service month is estimated to be paid to provider. Reflects hard dollars services that are not subject to Medi-Cal processing life cycles.  
 (4) Represents the estimated amount of CFA required to enable contractor to sustain normal operations.