



Los Angeles County
DEPARTMENT OF MENTAL HEALTH

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

21 July 3, 2018

CELIA ZAVALA
ACTING EXECUTIVE OFFICER

July 03, 2018

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

Dear Supervisors:

**AUTHORITY TO EXECUTE AN AMENDMENT TO DEPARTMENT OF MENTAL HEALTH
SERVICE AGREEMENT WITH A COMMUNITY OF FRIENDS
FOR RETROACTIVE PAYMENT FOR FISCAL YEAR 2014-15
(SECOND SUPERVISORIAL DISTRICT)
(3 VOTES)**

SUBJECT

Request authority to execute an amendment to Department of Mental Health Service Agreement with A Community of Friends for a retroactive payment for services provided in Fiscal Year 2014-15.

IT IS RECOMMENDED THAT THE BOARD:

Delegate authority to the Director of Mental Health, or his designee, to prepare, sign, and execute an amendment, substantially similar to Attachment I, to Department of Mental Health (DMH) Service Agreement Number MH190048 (Agreement) with A Community of Friends (ACOF). The amendment will enable DMH to provide a retroactive payment for onsite supportive services provided during Fiscal Year (FY) 2014-15 in the amount of \$42,119 funded by State Mental Health Service Act (MHSA) revenue.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Board approval of the recommended action will allow DMH to amend the Agreement with ACOF to enable DMH to retroactively pay ACOF \$42,119 for uncompensated onsite supportive services provided to formerly homeless residents with a mental illness that were living in permanent housing during FY 2014-15.

In February 2015, DMH staff, based on total contract expenditures and projected expenditures for the remainder of FY 2014-15, determined that the Agreement with ACOF would require additional funds for the rest of the fiscal year in order for the contractor to continue the provision of services. In an effort to address ACOF's projected overutilization of the Total Agreement Amount (TAA), DMH staff initiated a Board letter to amend the Agreement to increase the TAA. The Board letter was adopted on December 1, 2015, and increased the TAA effective FY2015-16. Due to a DMH administrative oversight, the Board letter was delayed and did not address ACOF's need for additional funding for FY 2014-15, thus requiring DMH to withhold payment. Once a determination was made, DMH initiated the retroactive amendment process in conjunction with County Counsel. DMH was unable to present this amendment to the Retroactive Contract Review Committee (RCRC) for review prior to FY 2017-18 as a result of delays in preparing the documents necessary for the retroactive action.

Implementation of Strategic Plan Goals

The recommended action is consistent with the County Strategic Plan Goal III (Realize Tomorrow's Government Today), specifically Strategy 3 (Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability).

FISCAL IMPACT/FINANCING

The total cost of the retroactive amendment is \$42,119 funded with State MESA revenue.

Sufficient appropriation for this retroactive amendment is included in DMH's FY 2018-19 Final Adopted Budget.

There is no net County cost impact associated with this action.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On May 19, 2009, your Board approved ACOF's Agreement to participate in the MESA Housing Trust Fund Program providing onsite supportive services to formerly homeless residents with a mental illness in permanent housing.

ACOF is located at 3701 Wilshire Blvd., Suite 700, Los Angeles, CA 90010 in Supervisorial District 2.

Consistent with Board Policy No. 5.015 (Timely Submission of Contracts for Board Approval), DMH representatives met with the RCRC on May 21, 2018 to discuss this retroactive amendment. All required documents regarding this retroactive amendment were provided to the RCRC, which subsequently approved DMH's corrective action plan (Attachment II) and the submission of this request to your Board.

The amendment format (Attachment I) has been approved as to form by County Counsel. DMH administrative staff will continue to monitor ACOF's TAA, expenditures/claims, performance, and compliance with Agreement provisions and Departmental policies.

CONTRACTING PROCESS

ACOF was selected through a formal competitive solicitation process. On May 19, 2009, your Board

awarded the Agreement, with an initial term of five years and seven one-year extensions for a total contract term ending May 2021.

Pursuant to the Agreement, DMH executed the following amendments:

- Amendment No. 1 (executed on January 20, 2010): revised contract provisions to the Business Associate Agreement.
- Amendment No. 2 (executed on May 16, 2011): extended the term of the Agreement through June 30, 2014, and increased the TAA by \$120,000 to a total of \$720,000 for FY 2010-11.
- Amendment No. 3 (executed on September 21, 2011): revised ACOF's office location in the Agreement.
- Amendment No. 4 (executed on August 14, 2013): revised contract provisions to the Business Associate Agreement.
- Amendment No. 5 (executed on December 1, 2015): extended the term of the Agreement through May 18, 2016, revised the end date of the Initial Period and automatic Extension Periods in the Agreement, and increased the TAA by \$241,945 to a total of \$961,945 for FY 2015-16.
- Amendment No. 6 (executed on June 6, 2016): formally extended the automatic extension of the term of the Agreement through May 18, 2017.
- Amendment No. 7 (executed on July 19, 2016): corrected an error on Amendment No. 5 to ensure that the TAA increase applied to FY 2015-16 and for the remainder of the Agreement term, including any extensions.
- Amendment No. 8 (executed on January 10, 2017): increased the TAA by \$48,350 to a total of \$1,010,295 for FY 2016-17 and for the remainder of the Agreement term, including any automatic extensions.
- Amendment No. 9 (executed on May 4, 2017): formally extended the automatic extension of the term of the Agreement through May 18, 2018; further extensions through and including May 18, 2021 require no further action to extend.

These amendments were processed under delegated authority granted by your Board to DMH.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Subsequent services were not impacted by this retroactive action. Approval of the recommended action will enable DMH to pay for supportive services provided during a prior fiscal year.

The Honorable Board of Supervisors

7/3/2018

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Respectfully submitted,

A handwritten signature in black ink, appearing to read 'JES', is centered on the page.

JONATHAN E. SHERIN, M.D., Ph.D.

Director

JES:GP:SK:es

Enclosures

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

CONTRACT NO. MH190048

AMENDMENT NO. 10

THIS AMENDMENT is made and entered into this ___ day of _____, 2018, by and between the COUNTY OF LOS ANGELES (hereafter "County") and A Community of Friends (hereafter "Contractor").

WHEREAS, County and Contractor have entered into a written Agreement, dated May 19, 2009, identified as County Agreement No. MH190048, and as subsequently amended (hereafter collectively "Agreement"); and

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

WHEREAS, Agreement provides that changes in accordance with Paragraph 42 (Alteration of Terms), Amendments may be made in the form of an Amendment which is formally approved and executed by the parties; and

WHEREAS, on July 3, 2018, the Board of Supervisors delegated authority to the Director of Mental Health to execute a retroactive amendment to the Agreement to enable the Department of Mental Health (DMH) to provide payment for onsite supportive services provided by Contractor during Fiscal Year (FY) 2014-15; and

WHEREAS, County and Contractor intend to amend Agreement to increase Mental Health Services Act (MHSA) Community Services and Support (CSS) Funded Program funds for the provision of onsite supportive services for formerly homeless residents with a mental illness that were living in permanent housing; and

WHEREAS, as a result of the above change in the funded program, the Total Agreement Amount (TAA) will increase; and

WHEREAS, County and Contractor intend to amend Agreement to modify Service Exhibit B (Payment Schedule) and modify Exhibit B-1 (Monthly Claim for Cost Reimbursement); and

WHEREAS, County and Contractor intend to amend Agreement to require Contractor to maintain a record keeping system that will allow the Contractor to determine when it has incurred seventy-five percent (75%) of the TAA, and to require Contractor to notify DMH when such threshold is reached; and

WHEREAS, Contractor warrants that it possesses the competence, expertise and personnel necessary to provide services consistent with the requirements of this Agreement and consistent with the professional standard of care for these services.

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

1. Effective upon Board approval, County will provide payment to Contractor for onsite supportive services provided by Contractor during FY 2014-15 in the amount of \$42,199, fully funded by MHSA CSS Funded Program funds.
2. For FY 2018-19 and the remainder of the Agreement term, including any automatic extensions, not to go beyond May 18, 2021, MHSA CSS Funded Program funds are increased by \$42,199 and the TAA is increased by \$42,119. The revised TAA is \$1,052,414 for the duration of the Agreement, including any extensions, not to go beyond May 18, 2021.
3. Agreement, Paragraph 5 (Payment) is deleted in its entirety and replaced as follows:

“A. In consideration of the performance by Contractor in a manner satisfactory to County of the services described in Exhibit A (Statement of Work), Contractor shall be paid in accordance with the Payment Schedule established in Exhibit B.

In no event shall Contractor be reimbursed under this Agreement for any services provided to any client whose approved referral to Contractor hereunder has been cancelled by the Director. In such circumstance, County shall not reimburse Contractor hereunder for the particular client after the date Director cancels the client’s approved referral.

Contractor shall submit a monthly billing to County which shall include as supporting documentation, copies of DMH’s Facility Billing Statement form for each client.

Each monthly billing shall be submitted within sixty days of the last date services were provided during the particular month. The monthly billing and subsequent payment shall be made in accordance with County policies and procedures. If billings are not submitted as required by County, then payment shall be withheld until County is in receipt of correct and complete billings.

B. Notification of 75% of Total Agreement Amount: The Contractor shall maintain a system of record keeping that will allow the Contractor to determine when it has incurred seventy-five percent (75%) of the Total Agreement Amount under this Contract. Upon occurrence of this event, the Contractor shall send written notification to the Department of Mental

Health at the address herein provided in Exhibit I (County's Administration).

- C. Budget Reductions: In the event that the County's Board of Supervisors adopts, in any fiscal year, a County Budget which provides for reductions in County contracts, the County reserves the right to reduce its payment obligation under this Agreement to implement such Board reductions for that fiscal year and any subsequent fiscal year during the term of this Agreement (including any extensions), and the services to be provided by the Contractor under this Agreement shall also be reduced correspondingly. The County's notice to the Contractor regarding said reduction in payment obligation shall be provided within thirty (30) calendar days of the Board's approval of such action. Except as set forth in the preceding sentence, the Contractor shall continue to provide all of the services set forth in this Agreement.
- D. No Payment for Services Provided Following Expiration/Termination of Contract: Contractor shall have no claim against County for payment of any money or reimbursement, or any kind whatsoever, for any services provided by Contractor after the expiration or other termination of this Contract. Should Contractor receive any such payment, it shall immediately notify County and shall immediately repay all such funds to County. Payment by County for services rendered after expiration/termination of this Contract shall not constitute a waiver of County's right to recover such payment from Contractor. This provision shall survive the expiration or other termination of this Contract."

4. Exhibit B (Payment Schedule) – 8 shall be replaced with Exhibit B (Payment Schedule) – 10, attached hereto and incorporated herein by reference. All references in the Agreement to Exhibit B (Payment Schedule) – 8 shall be deemed amended to refer to “Exhibit B (Payment Schedule) – 10”.
5. Exhibit I (County’s Administration) shall be added to the Agreement in the form attached hereto and incorporated by reference.
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 _____
JONATHAN E. SHERIN, M.D., Ph.D.
Director of Mental Health

A Community of Friends
CONTRACTOR

By _____

Name _____

Title _____
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM:
OFFICE OF THE COUNTY COUNSEL

PAYMENT SCHEDULE – 10**Total Agreement Amount**

The Total Agreement Amount (TAA) for all services furnished hereunder shall not exceed the sum of ONE MILLION FIFTY-TWO THOUSAND FOUR HUNDRED FOURTEEN DOLLARS (\$1,052,414) for the term of the Agreement, including any extensions.

Allowable Services

Supportive mental health and other services that support tenants' ability to maintain permanent housing, recovery, wellness, and resiliency, such as: job training and education, life skills, social and recreational activities, peer groups, medication support, self-help groups, group and individual psychotherapy, and substance abuse treatment.

Contractor may include funding for tenant activities that promote socialization and community integration, such as: field trips, celebrations, classes, volunteer opportunities and spiritual activities.

Contractor may also include funding for eviction prevention, including reserves to maintain tenant's housing in times of crisis.

Reimbursement Procedures

Contractor shall submit monthly cost reimbursement forms (see attached Exhibit B-1) for actual costs incurred for supportive services as attached in this Payment Schedule including costs incurred through subcontracting. The invoice shall include a detailed description of each service and the payment rate. Contractor cannot exceed the expenditures as outlined in the approved annual budget without prior approval from DMH.

All claims are to be submitted by Contractor within 30 days and no later than 60 days of the date that the last service was rendered for the previous month. Invoices submitted after this time must be approved for processing by the Countywide Housing, Employment & Education Resource Development District Chief.

Invoices shall be submitted to:

County of Los Angeles – Department of Mental Health
Housing Policy & Development Unit
Attn: Division Chief
695 S Vermont Ave., 10th floor
Los Angeles, CA 90005

The Division Chief, Housing Policy & Development will review invoices and sign to verify

that expenditures are eligible as outlined in the Statement of Work. Approved invoices will then be forwarded to the Department's Provider Reimbursement Unit.

Funding for supportive services under this Agreement shall not exceed the TAA as stated in this Agreement.

Any expenditure other than those listed in this Exhibit requires prior written approval from the Division Chief, Housing Policy & Development.

Mental Health Services Act Funds

In the event MHSA funds are not made available by State or if the State denies any or all of the MHSA claims submitted by County on behalf of Contractor, County is not responsible for any substantive payment obligation, and accordingly, Contractor shall not seek any payment from County and shall indemnify and hold harmless County for any and all liability for payment of any or all of the denied MHSA claims or claims for which MHSA funds are not made available.

**County of Los Angeles - Department of Mental Health
 Provider Reimbursement Division
 Monthly Claim for Cost Reimbursement**

EXHIBIT B-1

Fiscal Year _____

Funding Source: Mental Health Service Act Housing Trust Fund

Legal Entity/Service Agreement Contractor Name: _____

Mailing Address: _____

Billing Month(s): _____ **Service Agreement No.:** _____

Expenditures:

1. Direct Costs

1.1 Personnel (1.1)

Name of Staff	New (Y/N)	Title	FTEs	Wages	Benefits	PR Taxes
Subcontractor Staff						
Total Personnel						

1.2 Services (1.2)

Client Activities _____
 Transportation _____
 Mileage _____
 Eviction Prevention _____
 Other (i.e. subcontractor costs) _____

1.3 Supplies (1.3)

Computers _____
 Telephones _____
 Office Furniture _____
 Other (i.e. subcontractor costs) _____

1.4 Equipment (1.4)

Purchasing _____
 Leasing _____

2. Indirect Costs

2.1 Administrative (2.1)

2.2 Other (2.2)

3. Total Expenditures (3.)

4. Total Payment Requested (4.)

Please describe all costs marked "other" here (more pages may be attached if necessary):

Total Agreement Amount: _____
Remaining Total Agreement Amount Balance: _____
Percentage to Total Expenditures To-Date to Total Agreement Amount: _____

Signature: _____ Phone No.: _____

Title: _____ Date: _____

LAC-DMH Program Approval		
Approved By: _____	Title: _____	Date: _____

COUNTY'S ADMINISTRATION

CONTRACT NO. MH190048

COUNTY PROJECT DIRECTOR:

Name: Maria Funk

Title: Mental Health Clinical Program Manager III

Address: 695 S. Vermont Avenue, 10th Floor
Los Angeles, CA 90005

Telephone: (213) 251-6582 Facsimile: _____

E-Mail Address: mfunk@dmh.lacounty.gov

COUNTY PROJECT MANAGER:

Name: Reina Turner

Title: Mental Health Division Chief

Address: 695 S. Vermont Avenue, 10th Floor
Los Angeles, CA 90005

Telephone: (213) 251-6558 Facsimile: _____

E-Mail Address: rturner@dmh.lacounty.gov

COUNTY CONTRACT PROJECT MONITOR:

Name: _____

Title: _____

Address: _____

Telephone: _____ Facsimile: _____

E-Mail Address: _____

**RETROACTIVE CONTRACTS REPORTING FORM
CORRECTIVE ACTION PLAN
A COMMUNITY OF FRIENDS
FISCAL YEAR 2014-15**

Root Cause	Corrective Active Plan
<p>In this situation, there was a lack of communication between the various DMH units that led to the administrative oversight regarding the term of the amendment in the Board Letter.</p>	<p>Effective immediately, DMH will coordinate collaborative meetings with: the DMH Program that initiates the Board Letter; DMH's Financial Services Bureau; and DMH's CDAD to review the intent and contents of the Board Letter to ensure its accuracy of the terms and conditions of the requested Board action.</p>
<p>DMH did not have proper policies and procedures in place to provide structure and guidance to program staff to effectively monitor the Housing Trust Fund Services contracts in a systematic and timely manner.</p>	<p>The management and oversight of the following corrective action plan (CAP) will be provided by Maria Funk, Mental Health Clinical Program Manager III of the Department's Countywide Housing, Employment and Education Resource Development (CHEERD) Division or her designee. DMH will measure the effectiveness of the CAP as evidenced by the program's ability to prevent any future such situations from occurring again.</p> <p>DMH will develop, implement, and adhere to policies and procedures for the systematic and timely monitoring of the Housing Trust Fund Services contracts that will include:</p> <ul style="list-style-type: none"> • Frequency of budgetary monitoring for all Housing Trust Fund Services contracts on, at a minimum, monthly basis (including financial projections) to ensure availability of funding to provide services through the full term of the contract. Implemented April 2018 and will continue through the term of the contracts. • Frequency of programmatic monitoring for all Housing Trust Fund Services contracts on, at a minimum, monthly basis to ensure that services provided are appropriate in meeting the needs of the clients and as outlined in the Statement of Work. Implemented November 2017 and will continue through the term of the contracts. • Yearly review of all Housing Trust Fund Services contracts (in coordination with contracted providers) to ensure clear

Root Cause	Corrective Active Plan
	<p>understanding of the deliverables, budget balance of the contract and financial projections of the remaining funds through the full term of the contract. Implemented November 2017 and will continue through the term of the contracts.</p> <ul style="list-style-type: none"> • Guidelines outlining the actions required by both the Department and contracted provider in the event of a projected funding shortage (as a result of budgetary monitoring), including: <ul style="list-style-type: none"> - Documented communication (within 5 business days of findings from budgetary monitoring) with the contracted provider and the development of a plan to prevent gaps in service; and - Coordination with the Department's Financial Services Bureau and Contracts Development and Administration Division (within 5 business days of findings from budgetary monitoring) to explore options of amending the contract (and determining if additional funding is available and appropriate) and/or determining the need to refer and connect clients to other mental health service providers for the provision of ongoing services. <p>Implemented April 2018 and will continue through the term of the contracts.</p>
<p>ACOF's contract did not require the contractor to establish a proper tracking mechanism for the TAA.</p>	<p>DMH will amend the Compensation section of the contract to include a provision requiring contractor to maintain a system of record keeping that will allow contractor to determine when it has incurred 75% of the TAA. This provision will also require contractor to notify DMH in writing when contractor has incurred 75% of the TAA to ensure that appropriate action is taken by both parties in a timely manner.</p> <p>DMH will amend Exhibit B-1 (Monthly Claim for Cost Reimbursement) of Exhibit B (Payment Schedule) in the contract to require that contractor includes the remaining balance of the TAA in each monthly submitted invoice. The amended form will allow the DMH Program to ensure that the contractor complies with the required TAA monitoring provision moving forward, and it will also provide a tool for the DMH Program to confirm during its</p>

Root Cause	Corrective Active Plan
	monthly review that both parties maintain accurate budgetary records.
DMH clinical Program staff utilized internal excel worksheets to manually monitor and track the budget, balance, and invoice amount.	Through the Departmental reorganization, DMH will centralize the management and monitoring of its contracts. The reorganization will allow DMH to utilize new staffing resources to identify and recruit staff with the financial and contract monitoring experience needed to effectively monitor contracts (including the tracking of the budget, balance, and invoice amounts). DMH will also implement systematic and consistent contract monitoring strategies (including the use of technology resources to increase communication and access to financial/accounting reports) to allow for effective and seamless monitoring of all contracts.

As a result of this situation, DMH was reminded of the need to develop consistent policies and procedures to ensure effective monitoring of all aspects of the contract. The Department reviewed the circumstances that led up to this situation and also concluded the need for a more coordinated approach of reviewing Board Letters to ensure the accuracy of all the terms and conditions of the requested actions and to prevent future instances of administrative oversight.