



**DEPARTMENT OF MENTAL HEALTH**  
hope. recovery. wellbeing.

LISA H. WONG, Psy.D.  
Interim Director

Curley L. Bonds, M.D.  
Chief Medical Officer

Connie D. Draxler, M.P.A.  
Acting Chief Deputy Director

February 28, 2023

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:

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

#40 February 28, 2023

CELIA ZAVALA  
ACTING EXECUTIVE OFFICER

**APPROVAL TO AMEND EXISTING LEGAL ENTITY CONTRACTS TO INCREASE THEIR  
MAXIMUM CONTRACT AMOUNTS FOR FISCAL YEARS 2022-23  
AND 2023-24 FOR THE CONTINUED PROVISION OF  
SPECIALTY MENTAL HEALTH SERVICES  
AND EXEMPTION FROM BOARD POLICY NO. 5.100  
(SUPERVISORIAL DISTRICT 2, 3, AND 5)  
(3 VOTES)**

**SUBJECT**

Request approval to amend three existing Department of Mental Health Legal Entity Contracts to increase their Maximum Contract Amounts for the continued provision of specialty mental health services for Fiscal Years 2022-23 and 2023-24 and exempt amendments to Department of Mental Health Legal Entity Contracts from the Los Angeles County Board of Supervisors' (Board) Policy No. 5.100 requiring six months' advance notice of amendments to existing contracts.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Approve and authorize the Interim Director of Mental Health (Director), or her designee, to prepare, sign, and execute amendments to three existing Department of Mental Health (DMH) Legal Entity (LE) Contracts as identified on Attachment I, to increase the Maximum Contract Amounts (MCA) for Fiscal Year (FY) 2022-23 and FY 2023-24. The total aggregate increase for these LE Contracts is \$1,620,331 for FY 2022-23 and \$1,746,663 for FY 2023-24, fully funded by federal and State Medi-Cal, Measure H, and State Mental Health Services Act (MHSA) revenues.
2. Delegate authority to the Director, or her designee, to prepare, sign, and execute future amendments to the LE Contracts in Recommendation 1 to revise the language; revise the annual MCAs; add, delete, modify, or replace the Service Exhibits and/or Statements of Work; and/or reflect

federal, State, and County regulatory and/or policy changes provided that: 1) the County's total payment will not exceed 25 percent of the Board-approved MCA in Recommendation 1; and 2) sufficient funds are available. These amendments will be subject to prior review and approval as to form by County Counsel, with written notice to the Board and Chief Executive Office (CEO).

3. Delegate authority to the Director, or her designee, to terminate the Contracts described in Recommendation 1 in accordance with the termination provisions, including Termination for Convenience. The Director, or her designee, will provide written notification to your Board and CEO of such termination action.

4. Exempt DMH LE Contracts from the six month advance notification requirement under Board Policy No. 5.100 when DMH does not have delegated authority to increase the maximum amount of current LE Contracts.

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

Board approval of Recommendation 1 will allow DMH to amend three existing LE Contracts in order to increase their MCAs for the continued provision of Specialty Mental Health Services (SMHS) since the LE Contracts have reached their previously Board-approved 25 percent delegated authority for FYs 2022-23 and 2023-24. Additional funding will support the LE Contractors listed in Attachment I to support their capacity in expanding services to new and existing beneficiaries.

Board approval of Recommendation 2 will allow DMH to amend the LE Contracts in Recommendation 1 in a timely manner, as necessary, for the continued provision and expansion of SMHS without interruption to clients in need of these services.

Board approval of Recommendation 3 will allow DMH to terminate the LE Contracts in accordance with the LE Contract's termination provisions, including Termination for Convenience, in a timely manner, as necessary.

Board approval of Recommendation 4 will allow DMH to timely amend existing LE Contracts to allow for continued and expanded provision of services to DMH clients. DMH returns to the Board every three years to renew LE Contracts with our community-based providers and requests delegated authority (DA) to amend the contracts, including an increase of 25 percent of the MCA. From time-to-time, these LE Contracts require an amendment to increase the MCA beyond the initial 25 percent DA. This happens for various reasons, including LE Contractors providing services to new beneficiaries; providing additional services to existing beneficiaries; and/or expanding the scope of existing services. Additionally, this could happen at any time during the fiscal year, necessitating DMH to amend LE Contracts throughout a given fiscal year.

In cases where a contract exceeds the 25 percent DA, DMH returns to your Board requesting an increase of the MCA and additional DA during the term of the contract. Currently, before DMH can request amendments to these LE Contracts above the Board-approved MCA, the Department must provide six months' advance notice to the Board in addition to formally requesting approval to amend through a Board Letter, which could delay the provision of essential services to clients. By exempting these DMH LE Contracts from the six months' advance notice, DMH will be able to more timely make amendments and ensure contractors are able to continue providing services.

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

The recommended action is consistent with the County's Strategic Plan Goal I, Make Investments

that Transform Lives, specifically Strategy I.1- Increase Our Focus on Prevention Initiatives, and Strategy I.2- Enhance Our Delivery of Comprehensive Interventions.

### **FISCAL IMPACT/FINANCING**

The total aggregate increase in FY 2022-23 for the LE Contracts is \$1,620,331, fully funded by federal and State Medi-Cal, Measure H and State MHSA revenues. Sufficient appropriation is included in DMH's Final Adopted budget for FY 2022-23 for this action.

Funding for future fiscal years will be requested through DMH's annual budget process.

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

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

Welfare and Institutions (W&I) Code Section 14712 directs the State of California (State) to implement and administer the Managed Mental Health Care for Medi-Cal eligible residents for the State. This W&I Code section requires a contractual agreement between the State and the County to operate as the Mental Health Plan (MHP) responsible for the delivery of SMHS to the County's eligible Medi-Cal beneficiaries. Through the MHP Agreement, DMH agrees to operate the MHP for the County. The MHP Agreement sets comprehensive requirements for DMH to provide or arrange for the provision of all covered, medically necessary SMHS to Medi-Cal beneficiaries in the County. As such, DMH provides such SMHS through its directly-operated clinics as well as contractors through its numerous LE Contracts.

On March 30, 2016, the Centers of Medicare and Medicaid Services issued the Parity Rule in the Federal Register to strengthen access to mental health and substance use disorder services for Medi-Cal beneficiaries. The Parity Rule mandates that MHPs ensure access to care through an adequate provider network without unreasonable limitations to the scope or duration of mental health benefits. In order to comply with these requirements, DMH must ensure that an adequate network of providers and services are available throughout the County.

On June 8, 2021, your Board authorized the Director to enter into 131 LE Contracts, which included the three contractors listed on Attachment I. DMH is seeking your Board's approval to amend these three LE Contracts in order to increase their MCAs. These Contractors have reached the 25 percent delegated authority for FYs 2022-23 and 2023-24. DMH previously amended these LE Contracts up to delegated authority and is returning to your Board for authority to amend the LE Contracts to increase funds for FYs 2022-23 and 2023-24. The increase of funds is for the provision of Measure H Housing Supportive Services Program, MHSA Full Service Partnership, MHSA Outpatient Care Services and MHSA Prevention & Early Intervention. The LE Contractors listed on Attachment I provide a variety of SMHS in Supervisorial Districts 2, 3, and 5.

In accordance with Board Policy No. 5.100, Section 5.120, Authority to Approve Increases to Board-approved contract amounts requirements, DMH notified your Board on February 1, 2023 (Attachment II), of its intent to request delegated authority of more than ten percent.

Under Board Policy No. 5.100 (Sole Source Contracts and Amendments), DMH is required to notify your Board six months in advance of amendments to existing contracts when DMH does not have delegated authority to increase the maximum amount of the current contract. As DMH LE Contracts provide a federal entitlement to beneficiaries, the need to amend as expeditiously as possible is

essential. Although DMH has to obtain Board approval when it exceeds its delegated authority, seeking an additional six-month advance notification to the Board is an unnecessary layer of bureaucracy that may delay federally entitled services and expose the department to liability. Therefore, DMH is requesting that your Board make an exemption to the six-month advance notification requirement for DMH LE Contracts only.

This exemption will allow DMH to meet the federal requirement under the Parity Rule and allow DMH to amend the LE Contracts in a timely manner for the continuous provision and expansion of mental health services without interruption to clients who are in need of the services/programs.

The amendment format has been approved as to form by County Counsel. Attachment I lists the LE Contractors and includes their headquarter addresses, Supervisorial District(s), Service Area(s), and the MCA.

As mandated by your Board, the performance of all contractors is evaluated by DMH on an annual basis to ensure compliance with all contract terms and performance standards.

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

Board approval of the recommended actions will allow the LE Contractors to provide ongoing mental health services and allow DMH the ability to make revisions/updates to the work provided by the LE Contractors in a timely manner.

Respectfully submitted,



LISA H. WONG, Psy.D.

Interim Director

LHW:CDD:KNSK:BJA:atm

Enclosures

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

LOS ANGELES COUNTY  
Department of Mental Health

Increase of Maximum Contract Amounts for FY 2022-23  
for the Continued Provision of Specialty Mental Health Services

Legal Entity Name	Headquarters Address	Service Provider Supervisorial District(s)	Service Provider Service Area(s)	Current MCA for FY 2022-23	Total Increase for FY 2022-23
Kedren Community Health Center, Inc.	4211 S. Avalon Blvd., Los Angeles, CA 90011	2	All	\$48,742,139	\$128,015
	5000 Hollywood Blvd., Hollywood, CA 90027	3	4	\$3,538,419	\$1,492,316
<b>TOTAL AGGREGATED AMOUNT AMENDED FOR FY 2022-23</b>					<b>\$1,620,331</b>

Increase of Maximum Contract Amounts for FY 2023-24  
for the Continued Provision of Specialty Mental Health Services

Legal Entity Name	Headquarters Address	Service Provider Supervisorial District(s)	Service Provider Service Area(s)	Current MCA for FY 2023-24	Total Increase for FY 2023-24
Kedren Community Health Center, Inc.	4211 S. Avalon Blvd., Los Angeles, CA 90011	2	All	\$48,742,139	\$180,015
	762 W. Cypress St., San Dimas, CA 91773	5	3	\$10,121,436	\$74,332
Para Los Ninos	5000 Hollywood Blvd., Hollywood, CA 90027	3	4	\$3,538,419	\$1,492,316
<b>TOTAL AGGREGATED AMOUNT AMENDED FOR FY 2023-24</b>					<b>\$1,746,663</b>



**DEPARTMENT OF MENTAL HEALTH**  
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**LISA H. WONG, Psy.D.**  
 Interim Director

**Curley L. Bonds, M.D.**  
 Chief Medical Officer

**Connie D. Draxler, M.P.A.**  
 Acting Chief Deputy Director

February 1, 2023

TO: Supervisor Janice Hahn, Chair  
 Supervisor Hilda L. Solis  
 Supervisor Holly J. Mitchell  
 Supervisor Lindsey P. Horvath  
 Supervisor Kathryn Barger

FROM: Lisa H. Wong, Psy.D. *Connie D. Draxler*  
 Interim Director

SUBJECT: **NOTICE OF INTENT TO REQUEST DELEGATED AUTHORITY FOR A PERCENTAGE INCREASE EXCEEDING TEN PERCENT OF THE MAXIMUM CONTRACT AMOUNT FOR DEPARTMENT OF MENTAL HEALTH LEGAL ENTITY CONTRACTS**

In accordance with the Los Angeles County Board of Supervisors' (Board) Policy No. 5.120, the Department of Mental Health (DMH) is notifying your Board of our Department's intent to request delegated authority for a percentage increase exceeding ten percent of the Maximum Contract Amount (MCA) for three existing Legal Entity (LE) Contracts: Kedren Community Health Center, Inc., McKinley Children's Center dba McKinley, and Para Los Ninos. DMH will request delegated authority for a 25 percent increase of their MCAs for Fiscal Years (FYs) 2022-23 and 2023-24.

**JUSTIFICATION**

On February 28, 2023, DMH will present to your Board a letter for approval to amend three existing LE Contracts to increase their MCAs for the continued provision of specialty mental health services for FYs 2022-23 and 2023-24, as the LE Contractors have reached its previously Board-approved 25 percent delegated authority for FYs 2022-23 and 2023-24. Specifically, the increase is for the provision of Measure H Housing Supportive Services Program, Mental Health Services Act (MHSA) Full Service Partnership, MHSA Outpatient Care Services and MHSA Prevention & Early Intervention (PEI).

Each Supervisor  
February 1, 2023  
Page 2

The authority to increase the percentage exceeding ten percent allows DMH to amend the LE Contracts in a timely manner for the continuous provision and expansion of mental health services without interruption to clients who are in need of these services.

### **NOTIFICATION TIMELINE**

Board Policy No. 5.120 requires departments to provide written notice to your Board, with a copy to the Chief Executive Officer, at least two weeks prior to the Board Meeting at which the request to exceed ten percent of the MCA will be presented. In compliance with this policy, DMH is notifying your Board of our intent to request delegated authority up to 25 percent of the MCA through a Board letter to be presented at the February 28, 2023 Board Meeting.

If you have any questions, or require additional information, please contact me by email at [LWong@dmh.lacounty.gov](mailto:LWong@dmh.lacounty.gov) or at (213) 738-4601, or your staff may contact Stella Krikorian, Division Manager, Contracts Development and Administration Division, at [SKrikorian@dmh.lacounty.gov](mailto:SKrikorian@dmh.lacounty.gov) or at (213) 943-9146.

LHW:CDD:KN  
SK:BJA:atm

c: Executive Office, Board of Supervisors  
Chief Executive Office  
County Counsel