

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

46 November 7, 2023



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


CELIA ZAVALA
EXECUTIVE OFFICER

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

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

November 07, 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:

**APPROVAL TO AMEND EXISTING LEGAL ENTITY CONTRACTS
FOR FISCAL YEAR 2023-24 AND 24-HOUR RESIDENTIAL TREATMENT CONTRACTS FOR
FISCAL YEARS 2023-24, 2024-25, AND 2025-26, TO INCREASE THEIR MAXIMUM CONTRACT
AMOUNTS FOR THE CONTINUED PROVISION OF SPECIALTY MENTAL HEALTH SERVICES
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Request approval to amend existing Department of Mental Health Legal Entity Contracts for Fiscal Year 2023-24 and 24-Hour Residential Treatment Contracts for Fiscal Years 2023-24, 2024-25, and 2025-26, to increase their Maximum Contract Amounts for the continued provision of specialty mental health services.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and authorize the Director of Mental Health (Director), or her designee, to prepare, sign, and execute amendments to four 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) 2023-24. The amendments will be effective upon Board approval; the total aggregate increase for these LE Contracts is \$632,792, fully funded by Federal Financial Participation (FFP), 2011 Realignment, Assembly Bill (AB) 109, and State Mental Health Services Act (MHSA) revenues.
2. Approve and authorize the Director, or her designee, to prepare, sign, and execute amendments to four existing DMH 24-Hour Residential Treatment (24-Hour) Contracts as identified on Attachment I, to increase the MCA for FYs 2023-24, 2024-25, and 2025-26. The amendments will be effective

upon Board approval; the total increase for FY 2023-24 is \$4,644 and the increase for FYs 2024-25 and 2025-26 is \$6,461,218 per fiscal year, fully funded by FFP, 2011 Realignment, AB 109, and MHSA revenues.

3. Delegate authority to the Director, or her designee, to prepare, sign, and execute future amendments to the Contracts in Recommendations 1 and 2 in order to revise the language; revise the annual MCAs; add, delete, modify, or replace the Service Exhibit(s) and/or Statement(s) 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 Recommendations 1 and 2; 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).

4. Delegate authority to the Director, or her designee, to terminate the Contracts described in Recommendations 1 and 2 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.

5. Exempt DMH LE and 24-Hour 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 and 24-Hour Contracts.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Board approval of Recommendation 1 will allow DMH to amend four existing LE Contracts to increase their MCAs for the continued provision of Specialty Mental Health Services (SMHS) and to support their capacity in expanding services to new and existing beneficiaries since the LE Contracts have reached their previously Board-approved 25 percent delegated authority for FY 2023-24.

Board approval of Recommendation 2 will allow DMH to amend one existing 24-Hour Contract to increase their MCA for FY 2023-24 and three existing 24-Hour contracts for FYs 2024-25, and 2025-26, to allow for the continuous delivery of sub-acute psychiatric residential services for Medi-Cal beneficiaries and/or uninsured clients.

Board approval of Recommendation 3 will allow DMH to amend the Contracts in Recommendations 1 and 2 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 4 will allow DMH to terminate the Contracts in accordance with the Contract's termination provisions, including Termination for Convenience, in a timely manner, as necessary.

Board approval of Recommendation 5 will allow DMH to timely amend existing LE and 24-Hour Contracts to allow for continued and expanded provision of services to DMH clients. As DMH LE and 24-Hour Contracts provide a federal entitlement to beneficiaries, the need to amend as expeditiously as possible is essential. Although DMH must obtain Board approval when it exceeds its delegated authority, seeking an additional six-month advance notification to the Board will delay federally entitled services and may expose the department to liability.

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; and County's Strategic Plan Goal III, Realize Tomorrow's Government Today, specifically Strategy III.3 – Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability.

FISCAL IMPACT/FINANCING

The total aggregate increase for the LE Contracts for FY 2023-24 is \$632,792, and the total increase for the 24-Hour Contract is \$4,644, fully funded by FFP, 2011 Realignment, AB 109, and MHSA revenues. Sufficient appropriation is included in DMH's FY 2023-24 Final Adopted Budget.

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 of 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 through its numerous LE and 24-Hour Contractors.

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 four contractors listed on Attachment I. DMH is seeking your Board's approval to amend these four LE Contracts to increase their MCAs. These Contractors have reached the 25 percent delegated authority for FY 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 FY 2023-24. The increase of funds is for the provisions of MHSA Outpatient Care Services, MHSA Prevention & Early Intervention and Post-Release Community Supervision-Community Reintegration Program. The LE Contractors listed on Attachment I provide a variety of SMHS in Supervisorial Districts 1, 3, and 5.

On May 3, 2022, your Board authorized the Director to execute 24-Hour Contracts, which included the four contractors listed on Attachment I. DMH is seeking your Board's approval to amend these four 24-Hour Contracts to increase their MCAs. These Contractors have reached the 25 percent delegated authority for FY 2023-24, 2024-25, and 2025-26. DMH previously amended these 24-

Hour Contracts up to delegated authority and is returning to your Board for authority to amend the 24-Hour Contracts to increase funds for FYs 2023-24, 2024-25, and 2025-26. The increase of funds is for the provision of DMH Mental Health Services, MHSA Alternative Crisis Services and Post-Release Community Supervision-Community Reintegration Program. The 24-Hour Contractors listed on Attachment I provide a variety of SMHS at its crisis residential treatment program in Supervisorial Districts 1, 2, 3, 4, and 5.

In accordance with Board Policy 5.120, Authority to Approve Increases to Board-approved contract amounts requirements, DMH notified your Board (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 and 24-Hour Contracts provide a federal entitlement to beneficiaries, the need to amend as expeditiously as possible is essential. Therefore, DMH is requesting that your Board make an exemption to the six-month advance notification requirement for DMH LE and 24-Hour Contracts only.

This exemption will allow DMH to meet the federal requirement under the Parity Rule and allow DMH to amend the LE and 24-Hour 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 and 24-Hour Contractors, along with their headquarter addresses, Supervisorial District(s), Service Area(s), and 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)

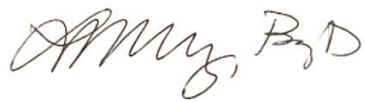
Board approval of the recommended actions will allow the LE and 24-Hour Contractors to provide ongoing SMHS and allow DMH the ability to make revisions/updates to the work provided by the Contractors in a timely manner.

The Honorable Board of Supervisors

11/7/2023

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lisa H. Wong, Psy.D.", written in a cursive style.

LISA H. WONG, Psy.D.

Director

LHW:CDD:KNSK:BJA:atm

Enclosures

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

Legal Entity Contracts - Fiscal Year 2023-24

Legal Entity Contractor Name	Headquarters Address	Service Provider Supervisorial District(s)	Service Provider Service Area(s)	FY 23-24 Current MCA	FY 23-24 Total Increase	FY 23-24 Revised MCA
1 BRIDGES Community Treatment Services, Inc.	279 E. Arrow Hwy # 102, San Dimas, CA 91776	1, 3	3, 2	\$4,867,785	\$311,811	\$5,179,596
2 Five Acres - The Boys' & Girls' Aid Society of Los Angeles County	760 W. Mountain View St., Altadena, CA 91001	5	3	\$29,407,916	\$239,416	\$29,647,332
3 Korean American Family Service, Inc.	3727 W. 6th St., Ste., 320, Los Angeles, CA 90020	3	4	\$392,176	\$21,565	\$413,741
4 Tarzana Treatment Centers, Inc.	18646 Oxnard St., Tarzana, CA 91356	3	1,2,8	\$16,751,178	\$60,000	\$16,811,178
TOTAL					\$632,792	

24-Hour Residential Treatment Contracts - Fiscal Year 2023-24

24-Hour Residential Treatment Contractor Name	Headquarters Address	Service Provider Supervisorial District(s)	Service Provider Service Area(s)	FY 23-24 Current MCA	FY 23-24 Total Increase	FY 23-24 Revised MCA
1 Didi Hirsch Psychiatric Service	4760 Sepulveda Blvd., Culver City, CA 90230	2,3	5,8	\$3,852,779	\$4,644	\$3,857,423
TOTAL					\$4,644	

24-Hour Residential Treatment Contracts - Fiscal Year 2024-25

	24-Hour Residential Treatment Contractor Name	Headquarters Address	Service Provider Supervisorial District(s)	Service Provider Service Area(s)	FY 24-25 Current MCA	FY 24-25 Total Increase	FY 24-25 Revised MCA
1	Gateways Hospital and Mental Health Center	1891 Effie St., Los Angeles, CA 90026	1	4,7	\$8,786,989	\$2,857,886	\$11,644,875
2	Homes for Life Foundation	8939 S. Sepulveda Blvd. #460, Los Angeles, CA 90045	2,4,5	3,5,7,8	\$648,729	\$127,750	\$776,479
3	Special Service for Groups	905 E. 8th St., Los Angeles, CA 90021	All	1,2,3,4,5	\$10,463,566	\$3,475,582	\$13,939,148
TOTAL						\$6,461,218	

24-Hour Residential Treatment Contracts - Fiscal Year 2025-26

	24-Hour Residential Treatment Contractor Name	Headquarters Address	Service Provider Supervisorial District(s)	Service Provider Service Area(s)	FY 25-26 Current MCA	FY 25-26 Total Increase	FY 25-26 Revised MCA
1	Gateways Hospital and Mental Health Center	1891 Effie St., Los Angeles, CA 90026	1	4,7	\$8,786,989	\$2,857,886	\$11,644,875
2	Homes for Life Foundation	8939 S. Sepulveda Blvd. #460, Los Angeles, CA 90045	2,4,5	3,5,7,8	\$648,729	\$127,750	\$776,479
3	Special Service for Groups	905 E. 8th St., Los Angeles, CA 90021	All	1,2,3,4,5	\$10,463,566	\$3,475,582	\$13,939,148
TOTAL						\$6,461,218	



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

October 19, 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.
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 AND 24-HOUR RESIDENTIAL TREATMENT 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 four existing Legal Entity (LE) Contracts and for four 24-Hour Residential Treatment (24-Hour) Contracts listed on Attachment I. DMH will request delegated authority for a 25 percent increase of their MCAs for the existing LE Contracts for Fiscal Year (FY) 2023-24 and 24-Hour Contracts for FYs 2023-24, 2024-25, and 2025-26.

JUSTIFICATION

In November 2023 DMH will present to your Board a letter for approval to amend four existing LE contracts for FY 2023-24 and for four 24-Hour Contracts for FYs 2023-24, 2024-25, and 2025-26, to increase their MCAs as the Contractors have reached their previously Board-approved 25 percent delegated authority. The increase is fully funded by Federal Financial Participation, 2011 Realignment, Assembly Bill (AB) 109, and State Mental Health Services Act revenues.

Each Supervisor
October 19, 2023
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The authority to increase the percentage exceeding ten percent allows DMH to amend the LE and 24-Hour 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 in November 2023.

If you have any questions, or require additional information, please contact me by email at LWong@dmh.lacounty.gov or (213) 947-6670, or your staff may contact Stella Krikorian, Division Manager, Contracts Development and Administration Division, at SKrikorian@dmh.lacounty.gov or (213) 943-9146.

LHW:CDD:KN
SK:BJA:atm

Attachment

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