



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

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

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

May 07, 2024

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

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

49 MAY 7, 2024

JEFF LEVINSON
INTERIM EXECUTIVE OFFICER

Dear Supervisors:

**APPROVAL TO AMEND EXISTING LEGAL ENTITY CONTRACTS
TO INCREASE THEIR MAXIMUM CONTRACT AMOUNTS TO MAXIMIZE THE USE OF FEDERAL
AND STATE MEDI-CAL FUNDS
(ALL SUPERVISORIAL DISTRICT)
(3 VOTES)**

SUBJECT

Request approval to amend two existing Department of Mental Health Legal Entity contracts to increase their Maximum Contract Amounts for Fiscal Year 2021-22 to maximize federal and State Medi-Cal funds pursuant to Legal Entity contract, Exhibit A - Financial Provisions; and delegate authority to allow for similar amendments to all Legal Entity contracts that are due to expire June 30, 2024, as necessary.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and authorize the Director of Mental Health (Director), or designee, to prepare, sign, and execute amendments to two existing Department of Mental Health (DMH) Legal Entity (LE) contracts, to increase the Maximum Contract Amounts (MCA) to maximize federal and State Medi-Cal (MC) funds, for Fiscal Year (FY) 2021-22, as listed in Attachment I. The amendment will be effective upon Board approval for FY 2021-22. These LE contracts are still within their three-year term, with an expiration date of June 30, 2024, and have reached previously approved delegated authority (DA) for FY 2021-22. The total aggregate increase for these LE contracts for FY 2021-22 is \$596,819, fully funded by federal and State revenues.
2. Delegate authority to the Director, or designee, to prepare, sign, and execute future amendments to all existing LE contracts that expire on June 30, 2024, to allow for final shifts, pursuant to the LE

contract, Exhibit A - Financial Provisions, for the sole purpose of maximizing federal and State MC funds after submission of an Annual Cost Report. Per the Contract Financial Provisions, such amendments can be executed during the First and/or Second Automatic Renewal Period and/or after the contract has expired or terminated. 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.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Board approval will allow DMH to execute amendments to LE contracts that have exceeded the 25 percent DA and require funding due to the final shift for services provided and to align costs as reported on the Annual Cost Report. The LE contract, Exhibit A – Financial Provisions allows the final shift to occur after expiration or termination of the LE contract.

Board approval of Recommendation 1 will allow DMH to amend two existing LE contracts to increase their MCAs for FY 2021-22 due to the final shift of funds and cost alignment reported on the Annual Cost Report. This will allow DMH to pay for services the contractors provided during FY 2021-22, which otherwise would be uncompensated.

Board approval of Recommendation 2 will allow DMH to amend LE contracts that expire June 30, 2024, after expiration or termination of the contract, as necessary, for final shift of funds. This will allow DMH to pay for services the contractor(s) has provided within three-year contract term.

Implementation of Strategic Plan Goals

The recommended action is consistent with the County's Strategic Plan North Star 1, Make Investments that Transform Lives, specifically Focus Area Goal A - Healthy Individuals and Families, and County's Strategic Plan North Star 3, Realize Tomorrow's Government Today, specifically Focus Area Goal E – Data-Drive Decision Making.

FISCAL IMPACT/FINANCING

The cost associated with this recommended action was determined upon receipt of the post Annual Cost Report adjustment request submitted by the two LE Contractors. The total aggregate increase for these LE contracts for FY 2021-22 is \$596,819, fully funded by federal and state revenues.

DMH has sufficient FY 2023-24 budgeted appropriation for this recommended action.

There is no net County cost impact with the recommended actions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On June 8, 2021, your Board authorized the Director to execute 131 LE contracts, which included the two contractors listed in Attachment I, for three fiscal years effective July 1, 2021, with two automatic renewal terms, through June 30, 2024. The LE contract, Exhibit A – Financial Provisions allows DMH to shift funds during the First and/or Second Automatic Renewal periods and/or after the contract has expired or terminated to maximize the use of federal or State funds for MC services and to align Financial Summary funded program amounts to actual allowable cost. As such, DMH is seeking your Board's approval to execute amendments to these two LE contracts that have met the requirement for such shift of funds and require additional funding to be compensated for services provided during FY 2021-22. The increase of funding is in excess of the 25 percent DA approved for

FY 2021-22, thus necessitating your Board's approval. The increase of funds is for the provision of Department of Children and Family Services Psychiatric Health Facility and Mental Health Services Act Alternative Crisis Services which are fully funded by federal and State revenues. The LE Contractors listed in Attachment I provided a variety of specialty mental health services in Supervisorial Districts 1, 2, and 4.

DMH is also seeking your Board's approval to amend LE contracts after expiration or termination of the three-year contract term, that expires June 30, 2024, as necessary, for final shift of funds for the sole purpose of maximizing federal and State MC funds for services provided, which otherwise would be uncompensated.

In accordance with Board Policy No. 5.120, Authority to Approve Increases to Board-approved contract amounts requirements, DMH notified your Board on December 18, 2023 (Attachment II), of its intent to request DA 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 DA to increase the maximum amount of the current contract. On November 7, 2023, your Board adopted a Board letter exempting DMH LE contracts from Board Policy No. 5.100 as these contracts provide federal entitlement services to beneficiaries.

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 DMH to pay for the services that contractor(s) has provided within the three-year contract term.

The Honorable Board of Supervisors

5/7/2024

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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:KN:SK:BJA:atm

Enclosures

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

**LOS ANGELES COUNTY
Department of Mental Health**

Legal Entity Contracts - Fiscal Year 2021-22

	Legal Entity Name	Headquarters Address	Service Provider Supervisorial District(s)	Service Provider Service Area(s)	FY 21-22 Current MCA	FY 21-22 Total Increase	FY 21-22 Revised MCA
1	Gateways Hospital and Mental Health Center	1891 Effie Street Los Angeles, CA 90026	1	4,7	\$6,238,064	\$539,342	\$6,777,406
2	Star View Behavioral Health, Inc.	1501 Hughes Way, Suite 150 Long Beach, CA 90810	2, 4	All	\$2,500,000	\$57,477	\$2,557,477
					TOTAL	\$596,819	



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Acting Chief Deputy Director

December 18, 2023

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

FROM: Lisa H. Wong, Psy.D.
Director

Connie D. Draxler

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 two existing Legal Entity (LE) Contracts: Gateways Hospital and Mental Health Center, and Star View Behavioral Health, Inc. The total aggregate increase for Fiscal Year (FY) 2021-22 is \$596,819, fully funded by Federal Financial Participation (FFP) and State General Fund (SGF).

JUSTIFICATION

In January 2024, DMH will present to your Board a letter for approval to amend two existing LE Contracts that have previously reached their Board-approved 25% delegated authority for FY 2021-22; this amendment will increase their MCAs to maximize federal and State Medi-Cal funds. This action is required as a result of the Annual Cost Report process. These contracts are within the contract term and the increase is fully funded by FFP and SGF.

Each Supervisor
December 18, 2023
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The authority to increase the percentage exceeding ten percent allows DMH to amend the LE Contracts in accordance with the LE Contract, Exhibit A - Financial Provisions, to pay for services the contractors provided within the contract term.

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 increases that exceed the 25 percent delegated authority related to the final shift of funds of the MCA through a Board letter to be presented in January 2024.

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

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