COUNTY OF LOS ANGELES

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DEPARTMENT OF MENTAL HEALTH

http://dmh.co.la.ca.us

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

Reply To: (213) 738-4601
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ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

January 29, 2004

▶18 FEB 10 2004

Violet Varona-Lukens
VIOLET VARONA-LUKENS
EXECUTIVE OFFICER

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 OF REQUEST FOR APPROPRIATION ADJUSTMENT FOR FISCAL YEAR 2001-2002 PAYMENTS TO MENTAL HEALTH SERVICE PROVIDERS (ALL SUPERVISORIAL DISTRICTS) (4 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve the Request for Appropriation Adjustment for Fiscal Year (FY) 2003-2004 in the amount of $2,536,000 (Attachment I). The increase in appropriation will be fully funded with $1,456,000 in prior year Federal Financial Participation (FFP) Medi-Cal, $1,040,000 in prior year Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) State General Funds (SGF), and $40,000 in unexpended funds from the Sales Tax Realignment Trust account. The increase in appropriation will allow the Department of Mental Health (DMH) to reimburse twenty-three (23) mental health service providers (Attachment II) for FY 2001-2002 services.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

This is a continuation of the payment process for FY 2001-2002 Short-Doyle/Medi-Cal (SD/MC) and EPSDT services based on the mental health service providers' submission of certified reimbursement claims. The State claims adjudication for EPSDT Medi-Cal has resulted in approvals totaling $2,536,000 for twenty-three (23) mental health service providers for services delivered in FY 2001-2002.

The purpose of this request is for approval of an appropriation adjustment, increasing FY 2003-2004 Services and Supplies (S & S) appropriation to pay 23 mental health

service providers $2,536,000 as listed in Attachment II, for EPSDT Title XIX Medi-Cal services provided in FY 2001-2002.

DMH, in its capacity as a pass-through agency, has received pass-through payments from the State and, in turn, is required to disburse such payments to the mental health service providers. Disbursements will be made from flow-through EPSDT Title XIX Medi-Cal funds based on the mental health service providers' submission of certified reimbursement claims.

The FFP and EPSDT-SGF funding were not included in the Maximum Contract Amount (MCA) for FY 2001-2002. Therefore, there is no requirement for contract amendments because the Board-approved agreement for FY 2001-2002 did not include either the State or federal funding for EPSDT Medi-Cal.

Implementation of Strategic Plan Goals

The recommended Board actions are consistent with the County's Programmatic Goal Four – "Fiscal Responsibility". Board approval of this request will enable DMH to make FY 2001-2002 payments to Non-Governmental Agency (NGA) mental health service providers as required by Federal law and the Department's Legal Entity Agreements.

FISCAL IMPACT/FINANCING

There is no increase in net County cost. The $2,536,000 appropriation requested for the FY 2001-2002 payments will be fully funded from three sources as follows:

a) FFP Medi-Cal revenues of $1,456,000 from the FFP Trust Fund. This amount is for FY 2001-2002 services, but was received and deposited in the FFP Trust during FY 2003-2004.

b) EPSDT-SGF funds of $1,040,000 from the Advances Payable Account. This amount is for FY 2001-2002 services, but was received and deposited in the Advances Payable Account during FY 2002-2003.

c) Sales Tax Realignment Trust funds of $40,000 from Sales Tax Realignment Trust Funds Account. This amount was received and over realized in FY 2002-2003, and resulted in the additional $40,000 of realignment funds being retained in the Sales Tax Realignment Trust fund. We propose to use $40,000 of Sales Tax Realignment Trust funds to pay for the balance of the EPSDT-SGF fund due to mental health service providers.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

DMH Legal Entity Agreements include language (Paragraph 4, subparagraph H. (1)) stating that if Contractor provides EPSDT Title XIX Medi-Cal services, then County shall reimburse Contractor for the eligible EPSDT Title XIX Medi-Cal Service Function Code (SFC) units furnished to eligible Medi-Cal beneficiaries.

The County's contract providers rendered and billed the EPSDT Title XIX Medi-Cal program for eligible services to EPSDT Medi-Cal beneficiaries in FY 2001-2002, and the State adjudicated and approved these billable EPSDT services.

Medi-Cal dates of service in one fiscal year can be claimed/processed by the State for up to15 months after the close of the fiscal year in which the services were delivered. In this instance, services were provided in FY 2001-2002, but either mental health service providers did not submit the claims to the State or the State did not perform the claim adjudication process until after the close of the fiscal year. These services are called "Incurred But Not Reported" (IBNR) in the health industry.

IBNR services make it difficult to determine the exact amount of Medi-Cal revenues to report at each County year-end closing because accounting measurability is lacking. As the County operates on a July to June accounting cycle, and Medi-Cal actual approvals for contractors are not totally known during this time cycle because of IBNR claims, there is the need for budget action in the subsequent fiscal year(s) to make prior year Medi-Cal payments. One alternative would be to use current fiscal year appropriation for prior fiscal year Medi-Cal approved service expenditures. While this was done in prior years to maintain more timely payments to contractors, the County Auditor-Controller prefers to match the Medi-Cal revenues to the fiscal year in which the Medi-Cal services were delivered, for accounting purposes. This practice of requesting, on an as needed and measurable basis, additional appropriation for the prior fiscal year's Medi-Cal services will result in the County's desired accounting outcome.

Both the SGF and FFP revenues in this request were not recognized in FY 2001-2002 by DMH because the related expenditures for IBNR services did not occur within that fiscal year. Therefore, the increase in appropriation will permit DMH to recognize the revenues and expenditures for the IBNR services simultaneously and allow DMH to pay 23 contract providers for EPSDT Title XIX Medi-Cal services provided in FY 2001-2002.

Also, per the contract language, the FY 2001-2002 EPSDT Title XIX Medi-Cal services are not part of the applicable MCA of this Agreement and are paid by County to Contractor solely in County's capacity as the fiscal intermediary (Paragraph 4, Financial

Provisions, subparagraph H. (3)). Therefore, DMH is requesting an appropriation increase that will allow FY 2001-2002 EPSDT payments to 23 contract providers.

CONTRACTING PROCESS

The subject does not apply. This request will enable DMH to comply with the provisions contained in DMH's Legal Entity Agreement with the mental health service providers for FY 2001-2002.

IMPACT ON CURRENT SERVICES

Your Board's approval of this request will enable DMH to make pass-through FFP and EPSDT-SGF payments to twenty three (23) mental health service providers. The payment for these approved Medi-Cal services will reimburse providers for their billed services and State approval services.

CONCLUSION

The Department of Mental Health will need one (1) copy of the adopted Board action. It is requested that the Executive Officer, Board of Supervisors, notify 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:GSK:ad

Attachments (2)

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

ATTACHMENT I

BOARD OF SUPERVISORS OFFICIAL COPY

76R 352M (11/83)

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S. NO. 435

DEPARTMENT OF MENTAL HEALTH

19

AUDITOR-CONTROLLER.
THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

4 - VOTES

SOURCES:

Department of Mental Health
Other State Aid-Health (EPSDT)
A01-MH-20500-8771
$1,040,000

Department of Mental Health
Federal Aid-Mental Health
A01-MH-20500-9025
$1,456,000

Department of Mental Health
Sales Tax Realignment
A01-MH-20500-8899
$40,000

USES:

Department of Mental Health
Services & Supplies
A01-MH-20500-2000
$2,536,000

This adjustment is requested to pay Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Title XIX Medi-Cal payments to contract providers for services provided in FY 2001-02. There is no increase in net County cost.

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

CHIEF ADMINISTRATIVE OFFICER'S REPORT

REFERRED TO THE CHIEF ADMINISTRATIVE OFFICER FOR — ACTION

RECOMMENDATION ✓

AUDITOR-CONTROLLER NO. 141

BY NOV 17 2003

APPROVED AS REQUESTED ✓ AS REVISED

12/29/03 19

CHIEF ADMINISTRATIVE OFFICER

APPROVED (AS REVISED): 19
BOARD OF SUPERVISORS

BY

DEPUTY COUNTY CLERK

SEND 5 COPIES TO THE AUDITOR-CONTROLLER

ATTACHMENT II

Amounts Due to Providers for FY 01-02 as of MIS report cut off date 7/22/2003

	Legal Entity Name	Legal Entity No.	(a) EPSDT	(b) FFP	©=(a)+(b) TOTAL
1	Cedars-Sinai Medical Center	00178	181,083	163,386	344,469
2	Intercommunity Child Guidance Ctr.	00195	13,040	33,142	46,182
3	L.A. Center for Therapy and Ed.	00198	283,674	31,565	315,239
4	Child and Family Guidance Ctr.	00207	-	198,582	198,582
5	Social Model Recovery	00212	1,825	7,088	8,913
6	St. John's Hospital	00217	8,987	27,835	36,822
7	Devereux Santa Barbara	00472	-	73,598	73,598
8	Optimist Youth	00781	283,832	559,152	842,984
9	Phoenix Houses of LA	00805	67,372	20,321	87,693
10	Ettie Lee	00995	89,182	1,404	90,586
11	Heritage Clinic	00965	-	109,716	109,716
12	Counseling4Kids	00694	-	21,707	21,707
					-
	Sub Total		**928,995**	**1,247,495**	**2,176,490**
13	TriCity	00066	48,040	-	48,040
14	Children's Hospital	00179	-	26,300	26,300
15	Child and Family Center (Santa Clarita)	00210	23,651	135,724	159,375
16	Center for Healthy Aging	00211	-	11,731	11,731
17	South Bay	00213	-	2,747	2,747
18	Western Region Asian Pacific	00310	-	10,004	10,004
19	Topanga West	00630	-	135	135
20	LA Orphan's Home Society	00780	14,487	10,520	25,007
21	County of Orange Health Care Agency	00844	63,000		63,000
22	Rosemary Children's Services	00848	1,653	10,757	12,410
23	Maryvale	01034	165	175	340
	Sub Total		**150,995**	**208,092**	**359,088**
	Total		**1,079,990**	**1,455,588**	**2,535,578**
	Rounding		10	412	422
	Grand Total		1,080,000	1,456,000	2,536,000