

COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH

F A C T S H E E T

APPROVAL OF AMENDMENTS TO EXISTING LEGAL ENTITY
AGREEMENTS WITH MEDI-CAL LONG TERM CARE PROVIDERS
TO IMPLEMENT STATE-MANDATED RATE INCREASE

(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)

REQUEST:

Board approval is requested to allow the Department of Mental Health (DMH) to comply with the State Department of Mental Health's (SDMH) directive to all counties to implement an annual rate increase for Medi-Cal nursing facilities, which provide long term care as Institutions for Mental Disease (IMD) to chronically and severely mentally ill adults, retroactive to August 1, 2003, as authorized by the State Department of Health Services (SDHS). Board approval is also requested to delegate authority to the Director of Mental Health or his designee to prepare, sign, and execute amendments to eight existing Legal Entity (LE) Agreements with current IMD contractors, as listed in the Attachment.

INTENT/JUSTIFICATION:

Pursuant to SDMH's annual directive issued on October 2, 2003 to all counties, Board approval is required to initiate this annual rate increase, retroactive to August 1, 2003, to IMD contractors. Submission of this annual Board letter at this time regarding a retroactive, annual State-mandated rate increase for Medi-Cal nursing facilities providing long term care as IMD is unavoidable and is attributed to the delayed notification of this annual rate change by SDMH. On October 10, 2003, DMH received SDMH's notification of this mandated rate increase.

The rate increase for facilities with less than 59 beds is 2.57%. The increase for facilities with 60 or more beds is 3.53%. Upon Board approval, DMH will implement SDMH's directive for Fiscal Year (FY) 2003-2004 to increase the rate for long term care IMD contractors serving the chronically and severely mentally ill adults, as authorized by SDHS.

FISCAL IMPACT/FINANCING:

There is no increase in net County cost. DMH will finance the annual rate increase from existing IMD budgeted appropriation included in DMH's FY 2003-2004 Adopted Budget. The current IMD budget was developed for 880 beds per day at the FY 2002-2003 SDHS established rate. However, due to a decrease in the number of IMD beds countywide that are available to DMH, DMH has adjusted its projected usage to, on average, 750 beds per day. Therefore, the existing IMD budget can accommodate the SDHS rate increase plus the purchase of additional IMD beds, should they be required and become available. The IMD budget is managed by closely monitoring the use of IMD bed resources and the utilization of lower levels of care where appropriate.

FACTS AND PROVISIONS:

Pursuant to Section 5902(e) of the Welfare and Institutions Code, as long as IMDs have county contracts and retain Nursing Facility Level B (formerly skilled nursing facility) licensure and certification, they shall be reimbursed for basic services at the rate established by SDHS, in addition to the rate established for Special Treatment Programs (STPs).

IMDs are State-licensed skilled nursing facilities/mental health rehabilitation centers (SNF/MHRC) that provide psychiatric care, psychosocial rehabilitation services, and STPs geared to the needs of persons with chronic and debilitating mental illness. Generally, patients are admitted to IMDs from a higher level of care, and the average length of stay is six to nine months.

These services include, but are not limited to, psychiatric assessments, goal-oriented treatment plans, and general psychiatric services. STP patch services include, but are not limited to, therapeutic services that provide chronically mentally ill adults with self-help skills, behavioral adjustment, and interpersonal relationships.

In FY 2000-2001, DMH shifted its management of IMD bed resources from contracting for a specific number of beds with a Maximum Contract Amount (MCA) to contracting for established bed rates without a MCA. DMH has managed its IMD budget by closely monitoring the use of IMD bed resources and the utilization of lower levels of care where appropriate and purchasing IMD beds on an as needed basis. The deletion of the MCA from the LE Agreements with IMD

providers has increased DMH's flexibility in managing bed resources in specific geographic areas and has allowed effective utilization of contractors who offer specialized services.

RK:KT:PEP:lw

Attachment

COUNTY OF LOS ANGELES - DEPARTMENT OF MENTAL HEALTH
Contracts Development and Administration Division

LIST OF IMD CONTRACTORS' RATE INCREASE
FISCAL YEAR 2003-2004

| LEGAL ENTITY CONTRACTOR | SUP. DIST. (SITE) | CONTRACT NO. | IMD SERVICES | CURRENT IMD RATE | PROPOSED IMD RATE | PERCENTAGE OF INCREASE | EXISTING MAXIMUM CONTRACT AMOUNT | AMENDMENT NO. |
|---|-------------------|--------------|--|---|---|--------------------------------------|----------------------------------|---------------|
| AMADA Enterprises, Inc. dba View Heights Convalescent Hospital 12619 S. Avalon Boulevard Los Angeles, CA 90061 Monica Fenton, Administrator | 2 | DMH-01436 | IMD Basic Beds 60 & over | \$ 109.26 | \$ 112.92 | 3.2% | * | 2 |
| Braswell Enterprises, Inc. dba Olive Vista & Laurel Park 2530 Arnold Drive, Suite 170 Martinez, CA 94553 Ken Cess, Vice President | 1 | DMH-01498 | IMD Basic Beds 1-59 IMD Basic Beds 60 & over IMD Patched beds MIO-Indigent MIO-Regular | \$ 110.11 \$ 109.26 \$ 154.65 \$ 205.09 \$ 148.07 | \$ 113.77 \$ 112.92 \$ 158.31 \$ 208.75 \$ 151.73 | 3.2% 3.2% 2.3% 1.8% 2.4% | * | 2 |
| Community Care Center, Inc. 2335 S. Mountain Avenue Duarte, CA 91010 Peter Bennett, Administrator | 5 | DMH-01445 | IMD Basic Beds 60 & over | \$ 109.26 | \$ 112.92 | 3.2% | * | 2 |
| Harbor View Adolescent Center dba Harbor View Center 2530 Arnold Drive, Suite 170 Martinez, CA 94553 Ken Cess, Vice President | 4 | DMH-01517 | IMD Basic Beds 1-59 IMD Patched beds | \$ 110.11 \$ 198.42 | \$ 112.80 \$ 201.11 | 2.4% 1.3% | \$ 3,380,396 | 3 |
| Landmark Medical Services, Inc. dba Landmark Medical center 2030 N. Garey Ave. Pomona, CA 91767 Rosemary C. Kilby, Administrator | 1 | DMH-01467 | IMD Basic Beds 60 & over | \$ 109.26 | \$ 112.92 | 3.2% | * | 2 |

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| LEGAL ENTITY CONTRACTOR | SUP. DIST. (SITE) | CONTRACT NO. | IMD SERVICES | CURRENT IMD RATE | PROPOSED IMD RATE | PERCENTAGE OF INCREASE | EXISTING MAXIMUM CONTRACT AMOUNT | AMENDMENT NO. |
|---|-------------------|--------------|--|------------------------|------------------------|------------------------|----------------------------------|---------------|
| Meadowbrook Rehabilitation Center dba Meadowbrook Manor 2530 Arnold Drive, Suite 170 Martinez, CA 94553 | 2 | DMH-01471 | IMD Basic Beds 60 & over IMD Patched beds | \$ 109.26 \$ 151.94 | \$ 112.92 \$ 155.60 | 3.2% 2.4% | * | 2 |
| Ken Cess, Vice President | | | | | | | | |
| Penn Mar Therapeutic Center, Inc. dba San Gabriel Valley Convalescent Hospital 3938 Cogswell Road El Monte, CA 91732 | 1 | DMH-01481 | IMD Basic Beds 60 & over IMD Patched beds | \$ 109.26 \$ 127.13 | \$ 112.92 \$ 130.79 | 3.2% 2.8% | * | 2 |
| Mitchell Kantor, President | | | | | | | | |
| Telecare Corporation, Inc. 1100 Marina Village Parkway, #1 Alameda, CA 94501 | 4 | DMH-01546 | IMD Basic Beds 60 & over IMD Patched beds | \$ 109.26 \$ 197.14 | \$ 112.92 \$ 200.80 | 3.2% 1.8% | \$ 5,635,713 | 3 |
| Marshall Langfeld, Vice President & CFO | | | | | | | | |

NOTE:
* These SNF/IMD contractors, which provide only IMD services countywide, do not have a MCA, as IMD beds are paid by the day utilized within DMH's IMD budgeted allocation.