

COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH

F A C T S H E E T

**APPROVAL OF NEW DEPARTMENT OF MENTAL HEALTH LEGAL ENTITY
AGREEMENT WITH TRI-CITY MENTAL HEALTH CENTER
FOR FISCAL YEARS 2007-08, 2008-09, AND 2009-10
(SUPERVISORIAL DISTRICT 1)
(3 VOTES)**

REQUEST

Approve and instruct the Director of DMH or his designee to prepare, sign, and execute a new DMH LE Agreement with Tri-City MHC for the provision of outpatient mental health services to Medi-Cal eligible adults and children residing in Pomona, Claremont and La Verne, effective July 1, 2007 for Fiscal Years (FY) 2007-08, 2008-09 and 2009-10. The annualized Maximum Contract Amount (MCA) will be \$2,091,722, retroactive to July 1, 2007. The annualized MCA for FY 2008-09 will be \$3,958,236 and it will be \$3,974,272 for FY 2009-10. Contract payments will be funded with FFP Medi-Cal and SGF money. Tri-City MHC will be providing the local match for Medi-Cal services through Realignment funds it receives directly from the State.

PURPOSE/JUSTIFICATION

Board approval of the recommended actions will enable Tri-City MHC to enhance its services to residents of the Tri-City area. Since May, 2004, Tri-City MHC has not had a contract with DMH, and as a result has not had access to SGF for the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) services it provides to Medicaid eligible children. Moreover, the State has more recently refused to receive claims directly from Tri-City MHC, as it had previously been doing, and has not been claiming FFP for the expenditures Tri-City MHC has made. As a result, realignment has been Tri-City MHC's only source of revenue since approximately January, 2006. However, the State has indicated that it will claim federal reimbursement and provide SGF as appropriate, for services provided by Tri-City MHC pursuant to a contract with the County. Thus, the recommended action to enter into a new LE Agreement, retroactive to July 1, 2007, will enable Tri-City MHC to claim FFP and SGF through DMH, and will establish a mechanism for it to receive timely payment for Medi-Cal services. This, in turn, will allow Tri-City MHC to increase the number of clients it sees, and decrease the County's expenses for treating residents of the Tri-City area. Moreover, these additional financial resources may allow Tri-City to repay a portion of unsecured claims from their bankruptcy filing.

The Agreement is limited to Short-Doyle/Medi-Cal services, and provides only for the County to pass-through state and federal money for Medi-Cal services when received. The Agreement does not provide for the typical annual cash flow advance, or payments on approvals.

CONTRACTOR

Tri-City is a Municipal Special District organized in 1961, as a joint powers authority by the cities of Pomona, Claremont and La Verne to provide mental health services to these communities. Tri-City directly receives realignment revenues from the State of California and is a certified Medi-Cal provider. Prior to the bankruptcy, Tri-City MHC billed and received FFP for Medi-Cal services directly from the State. SGF payments were passed to Tri-City MHC through the County.

In February, 2004, Tri-City MHC filed for Chapter 9 bankruptcy protection. Shortly thereafter, Tri-City MHC terminated its contract with DMH. Tri-City MHC continued to provide services to mental health consumers (1,000 adults and 400 children). Services provided included medication support, mental health services, targeted case management services, crisis intervention and assessments. However, it ceased receiving SGF for EPSDT services provided to Medicaid eligible children.

In 2006, an issue arose regarding Tri-City MHC's ability to make Medicaid certifiable public expenditures. It appears that, at least for the present time, this issue has been resolved and Tri-City MHC will be deemed to be capable of making such expenditures, although the certification procedure remains unclear. Additionally, questions arose regarding the appropriateness of the Medi-Cal billing and payment mechanism which had previously been used. This Agreement addresses those questions and assures that compliant billing and payment mechanisms are used. It also has a provision to stay payment and renegotiate the arrangement if Tri-City MHC's ability to incur a certifiable public expenditure changes.

Tri-City MHC has made personnel and organizational changes which have allowed it to emerge from bankruptcy, and its plans suggest that it can operate in a way which will maintain its current solvency.

CONTRACTING PROCESS

Tri-City receives realignment directly from the State of California and is the authority responsible for providing mental health services to the communities of Pomona, Claremont and La Verne. Upon Board approval, the contract with DMH will enable Tri-

City to maximize services to its residents and decrease expenses currently incurred by the County for such services.

IMPACT ON CURRENT SERVICES

The requested actions will establish a new Mental Health LE contract with Tri-City MHC which has provided the residents of Pomona, Claremont and La Verne with basic outpatient mental health services since 1961. It is the mission and goal of Tri-City MHC to understand the needs of consumers and their families and to provide high quality, culturally competent mental health services, prevention and education to the low income, mentally ill residents of this area. The Agreement calls for an expansion of Tri-City MHC's service capacity, and a reduction of the number of clients from the Tri-City area who are treated in DMH directly operated or contracted facilities is expected. Moreover, it is anticipated that service quality will be enhanced.

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