

COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH

F A C T S H E E T

**APPROVAL OF SETTLEMENT AGREEMENTS WITH
INTERCOMMUNITY CHILD GUIDANCE CENTER
AND
CHILD AND FAMILY GUIDANCE CENTER
(SUPERVISORIAL DISTRICTS 1 AND 3)**

REQUEST

Request Board approval and instruct the Director of Mental Health to prepare, sign, and execute two Settlement Agreements with existing contractors, Intercommunity Child Guidance Center (Agreement No. DMH-01799) and Child and Family Guidance Center (Agreement No. DMH-01634), for the repayment of debt owed to the County of Los Angeles - Department of Mental Health (DMH). Upon Board approval, the Settlement Agreements will allow Intercommunity Child Guidance Center to repay its debt of \$111,673, and Child and Family Guidance Center to repay its debt of \$591,138, to the County over a period of 12 months, beyond the three (3) months stipulated in the contract's financial provision.

PURPOSE/JUSTIFICATION

Board approval of the Settlement Agreements will establish a 12-month repayment plan for the recovery of payments made by County to Intercommunity Child Guidance Center and Child and Family Guidance Center based on submitted billings that were subsequently determined by audits to be in excess of actual earned amounts for services rendered in Fiscal Year (FY) 2001-2002. Because the repayment period does not exceed 12 months, DMH is recommending that interest be waived. This extension will mitigate an immediate adverse cash flow impact on these contractors so as to enhance the probability of recovery of County funds and to avoid any potential adverse impact on the level of services that they provide.

CONTRACTORS

Intercommunity Child Guidance Center, a non-profit agency established in 1957, has provided children, adolescents, and families with affordable, culturally sensitive, and professional mental health services and has worked collaboratively with the community to expand services and to meet their needs. Programs include intensive day treatment, outpatient, foster care, family preservation, case management support, and outreach. The service site is located at 10155 Colima Road, Whittier, CA 90603, in Supervisorial District 1.

Child and Family Guidance Center, a non-profit corporation founded in 1962, provides mental health treatment and prevention services, including child abuse treatment and prevention of juvenile delinquency, and community mental health education to children and adolescents, ranging in age from birth to 21 years, and their families. Multiple service sites are located in the cities of Panorama City, Van Nuys, Canoga Park, North Hills, Sylmar, East Palmdale, and Lancaster, in Supervisorial Districts 3 and 5. The headquarters address is located at 9650 Zelzah Avenue, Northridge, CA 91325, in Supervisorial District 3.

FISCAL SUMMARY

There is no fiscal impact on DMH's FY 2005-2006 Adopted Budget. These Settlement Agreements are a recovery of County funds paid in excess of actual earned amounts for services rendered in FY 2001-2002. The amounts owed by the contractors are determined through the FY 2001-2002 Short-Doyle/Medi-Cal (SD/MC) reconciliation process performed in compliance with State requirements of Medi-Cal mental health services contractors.

Intercommunity Child Guidance Center will repay its debt of \$111,673 in a monthly installment for 12 months, and Child and Family Guidance Center will repay its debt of \$591,138 in a monthly installment for 12 months, with no interest charges on the unpaid balances. The repayment method is in the form of offset against monthly claims for reimbursement and will continue until the entire balance has been repaid. In the event that the monthly claim for reimbursement is insufficient to cover the monthly repayment, the contractors will be required to remit the difference to DMH.

FACTS AND PROVISIONS

These Settlement Agreements are a recovery of funds paid on the basis of the contractors' billings. The County's contractors rendered and billed the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Title XIX Medi-Cal program for eligible services to Medi-Cal beneficiaries in FY 2001-2002, and the State adjudicated and approved these billable EPSDT services.

However, the State SD/MC reconciliation demonstrated that those contractors' billings were in excess of their actual earned amount for services rendered in FY 2001-2002. The State Department of Mental Health (SDMH) requires an annual cost report from each contractor who provides SD/MC mental health services. Based on the submitted cost report, a SD/MC Reconciliation Settlement Report is issued by the State, which determines the amount earned by the contractor based on final approved SD/MC allowable units of services.

In accordance with the earned amount determined by the SD/MC Reconciliation Report from the State, County DMH initiates a cash settlement with the contractor, either to pay additional funds or to recover unearned funds from the contractor. The amount owed is determined by the County through the FY 2001-2002 SD/MC reconciliation settlement process performed in compliance with State requirements for Medi-Cal mental health services contractors and is the result of the State's fulfillment of its responsibilities for the management and oversight of the Federal Medicaid program, which is called Medi-Cal in California.

These Settlement Agreements are consistent with recommendations made to the Board in David E. Janssen's February 3, 2003, Board letter entitled, "Settlement Agreements and the Cash Flow Loan Program."

IMPACT ON CURRENT SERVICES

The extension of the repayment period will mitigate an immediate cash flow impact on the contractors and, thus, avoid potential adverse change on the level of services being provided.

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