

COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH

F A C T S H E E T

**APPROVAL OF TERMINATION OF THE DEPARTMENT OF MENTAL HEALTH'S
LEGAL ENTITY AGREEMENT WITH
LOS ANGELES ORPHANS HOME SOCIETY UPON THE EFFECTUATION OF A
MUTUALLY AGREED UPON MERGER BETWEEN EASTFIELD MING QUONG, INC.
AND LOS ANGELES ORPHANS HOME SOCIETY
AND
APPROVAL OF NEW LEGAL ENTITY AGREEMENT BETWEEN DEPARTMENT OF
MENTAL AND EASTFIELD MING QUONG, INC.
(SUPERVISORIAL DISTRICT 3)**

REQUEST

1. Authorize the Director of Mental Health or his designee to effectuate a mutually agreed upon termination of the Department of Mental Health's (DMH) Legal Entity Agreement (LE Agreement) with Los Angeles Orphans Home Society dba Hollygrove (Hollygrove), contingent upon implementation of a mutually agreed upon merger by and between Hollygrove and Eastfield Ming Quong, Inc. (EMQ). The currently anticipated merger effective date is April 1, 2006.
2. Approve and instruct the Director of Mental Health or his designee to prepare, sign, and to execute a new DMH LE Agreement with EMQ for the provision of outpatient mental health services to seriously emotionally disturbed (SED) children, adolescents, and their families residing in Mental Health Service Area 4. The term of this new LE Agreement will be effective contingent upon the merger, but no sooner than April 1, 2006 (the currently anticipated merger effective date), for Fiscal Year 2005-2006, with two (2) automatic one-year renewal periods for Fiscal Years (FY) 2006-2007 and 2007-2008. The Maximum Contract Amount (MCA) for FY 2005-2006 will be pro-rated for three (3) months at \$794,513, based on the FY 2005-2006 annualized MCA of \$3,178,052 for Hollygrove. The annualized MCA in the amount of \$3,178,052 for FYs 2006-2007 and 2007-2008 will be requested during DMH's annual budget process.
3. Delegate authority to the Director of Mental Health or his designee to prepare, sign, and execute future amendments to the LE Agreement with EMQ, and establish as a new MCA the aggregate of all amendments, provided that the aggregated amendment increases for each fiscal year do not exceed an increase of 20 percent from the applicable MCA.

PURPOSE/JUSTIFICATION

Hollygrove, which currently has a LE Agreement with DMH, is merging with EMQ. The purpose of the recommended actions is to terminate the LE Agreement with Hollygrove and execute a new LE Agreement with EMQ, contingent upon the effective merger of EMQ and Hollygrove, whereby Hollygrove will cease to exist as a separate entity. It is understood that the merger will not diminish the quantity and quality of services previously provided by Hollygrove, and that EMQ will be fiscally responsible for all of Hollygrove's obligations, past, present, and future.

The proposed merger of Hollygrove with EMQ will result in administrative and service delivery efficiencies that will benefit the communities and clients currently being served by Hollygrove. Hollygrove will benefit from EMQ's substantial investment in systems and infrastructure. The consolidation of administrative functions will include streamlining of tasks and elimination of redundant administrative positions that result from this proposed merger. This streamlining of administrative overhead and elimination of redundancy will result in a shift of available resources to increase service delivery capacity without additional net County cost. The proposed merger creates the opportunity to bring EMQ's expertise in Wraparound, shelter-alternative programming, and evidence-based mental health practice to serve high-end children, adolescents, and families in Los Angeles County.

CONTRACTOR

Hollygrove currently provides mental health care for children, adolescents, and families in Supervisorial District 3. Hollygrove has provided an array of services to children and families in and around the Hollywood area since 1880. Until September 2005, Hollygrove operated a 68-bed Rate Classification Level-12 (RCL-12) residential treatment program in which mental health care was provided as an adjunct to the milieu. Since closing the RCL-12 program, Hollygrove has transitioned their service delivery focus to children, adolescents, and families residing in the Hollywood area. The service delivery site will remain at 815 N. El Centro Avenue, Los Angeles, CA 90038.

EMQ, headquartered at 251 Llewellyn Avenue, Campbell, CA 95008-1940, in Santa Clara County, is a comprehensive community mental health and social service agency with roots dating back to 1929; services have been delivered under the current business name since a 1985 merger. EMQ delivers an array of mental health and social services to children, adolescents, and families in several California counties, including Contra Costa, Merced, Sacramento, San Bernardino, Santa Clara, and Solano. Services include: wraparound care, residential treatment, school-based day treatment, 24-hour crisis intervention,

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therapeutic foster care, mental health services, child abuse treatment, and substance prevention and education.

After the proposed merger, EMQ will continue to deliver the same array of services at the Medi-Cal certified site currently used by Hollygrove and, thus, promote continuity of care for clients and service delivery staff.

RK:KT:MI