

**COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH**

**F A C T   S H E E T**

**APPROVAL OF A NEW CONSULTANT SERVICES AGREEMENT  
WITH OUTLOOK ASSOCIATES, INC.  
(ALL SUPERVISORIAL DISTRICTS)**

**REQUEST**

Approve and authorize the Director of the Department of Mental Health or his designee to prepare, sign, and execute a new Department of Mental Health (DMH) Consultant Services Agreement with Outlook Associates, Inc. (Outlook). Outlook will provide expert assistance in establishing a revenue management function within DMH and setting up the operational procedures for the revenue management function to make the best use of available automation tools.

**BACKGROUND**

DMH previously entered into a Consultant Services Agreement with Outlook to assist in the development of the DMH Business Authorization Plan (BAP) for FY 2005-2006. At present, Outlook's consultant services are being paid by a Service Purchase Order in the amount of \$99,000 to begin the initial planning efforts by developing a gap analysis. These initial planning efforts will result in current processes flow charts documenting gaps and points of error in the current systems processes. This process will provide a detailed quantification of claims transactions lost, delayed, or incorrectly processed at each gap or point of error.

Outlook has set up revenue management operations in organizations similar in type and scale to DMH, so they do not have to figure out what to do; they know what to do. In the course of assisting DMH with developing the FY 2005-2006 BAP, Outlook developed detailed functional maps of most of the DMH business operations from the client service delivery side, through the behind-the-scenes business operations. In essence, Outlook has a 10-week head start on any other vendor. Outlook already has an operational understanding of DMH that would take any other vendor months to develop.

The \$ 1 million cost of this project is a small fraction of the additional revenue that DMH expects to realize from this work. Full recovery of an estimated \$1 million per week in revenue not being received now is dependent on replacing the current information systems used to manage claiming and revenue operations, but significant improvements can be achieved through process improvements using the current automation tools. Even without the new systems, recovery of the investment in this project may be as short as a month or two once a new revenue management process is in place.

### **INTENT**

The new Consultant Services Agreement with Outlook will provide expert assistance in establishing a revenue management function within DMH to ensure that revenue related business process changes are coordinated in conjunction with available automation tools, to more effectively track, recover, and maximize revenue. The revenue management unit will also provide contractors with a professional claims processing organization to interface with on their claiming issues.

### **JUSTIFICATION**

In the course of assisting DMH with developing the FY 2005-2006 BAP, Outlook became very familiar with the information systems used to manage revenue in DMH and the people and processes currently in place. They have detailed understanding of the problems facing DMH and where the intervention points are to quickly make a difference. Outlook has set up revenue management operations in organizations similar in type and scale to DMH, so they have the knowledge and expertise to provide the integrated, coordinated efforts necessary to effectively and efficiently establish the revenue management and claims processing functions.

### **CONTRACTING PROCESS**

Upon, Board approval, DMH will enter into a sole source Agreement with Outlook to provide expert assistance in establishing a DMH revenue management function and setting up the operational procedure for that office to make the best use of available automation tools, both existing and planned. DMH has been advised by County Counsel that Proposition A does not apply to contracts for consultant services.

DMH met the County's requirement for advance notification of intent to negotiate a sole source contract of \$250,000 or greater in its notification letter to the Board on March 3, 2005.