

COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH

F A C T S H E E T

**APPROVAL TO FURTHER IMPLEMENT THE MENTAL HEALTH SERVICES ACT –
COMMUNITY SERVICES AND SUPPORTS PLAN THROUGH THE
TRANSFORMATION OF SERVICES BY CONTRACT AGENCIES
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Approval of the requested actions will authorize the Department of Mental Health to amend contracts with 62 contract agencies reflecting their transformation and/or expansion to further implement the Mental Health Services Act – Community Services and Supports Plan. This will help mitigate the impact of budget curtailments on mental health services as the Department moves from its traditional core mental health programs to a new recovery and wellness-based system of care.

REQUEST

1. Approve and authorize the Department of Mental Health (DMH) to allow contract agencies meeting specified criteria the opportunity to provide Mental Health Services Act (MHSA) services through transformation to new and/or expanded MHSA programs as DMH moves from its traditional core mental health programs to a new recovery and wellness-based system of care.
2. Approve and instruct the Director of Mental Health, or his designee, to proceed with the preparation, signing, and execution of amendments to DMH Legal Entity (LE) Service Agreements (Agreement) with 62 contract agencies that have been identified for County General Fund (CGF) curtailments and given the opportunity to deliver transformed services as part of the MHSA Community Services and Supports (CSS) Plan, effective upon Board approval through June 30, 2009. The Maximum Contract Amounts (MCAs) of the 62 contract agencies will remain unchanged by the curtailment and the compensatory transformative actions.
3. Delegate authority to the Director of Mental Health, or his designee, to prepare, sign, and execute future amendments to the Agreement and establish as a new MCA the aggregate of the original Agreement and all amendments, provided that: 1) the County's total payment to the contractor under this Agreement for FY 2008-09 shall not exceed an increase of 20 percent from the applicable revised MCA; 2) any such increase shall be used to provide additional services or reflect program and/or policy changes; 3) the Board of Supervisors has appropriated sufficient funds for all changes; 4) approval of County Counsel and

the Chief Executive Officer (CEO), or their designee, is obtained prior to any such Amendment; 5) the parties may, by written Amendment, reduce programs or services and revise the applicable MCA; and 6) the Director of Mental Health shall notify the CEO's office after execution of the Amendment.

PURPOSE/JUSTIFICATION

Consistent with the Board motion of February 12, 2008, Board approval is being requested to use MHSA funding for the delivery of transformed and/or expanded MHSA services by 62 LE contract agencies. These providers are subject to CGF curtailments, and potentially commensurate service reductions, as a result of the Department's deficit mitigation plan. MHSA transformation and/or expansion opportunities were offered to 1) contract agencies who had under \$20,000 in curtailments and were already delivering MHSA services, and 2) contract agencies who had over \$20,000 in curtailments, and will allow these eligible contract agencies an opportunity to provide substantially different recovery and wellness-based services to hard-to-reach clients who have traditionally been unserved, underserved, or inappropriately served through traditional mental health programs.

There is no impact on net County cost. The transformation of traditional mental health services to recovery-oriented services for people who are diagnosed with severe and persistent mental illness is consistent with the use of the State Proposition 63 MHSA funds.

The Department is requesting to allow the 62 LE contract agencies to transform and/or expand traditional mental health services to recovery-oriented services up to the amount of their CGF curtailment in FY 2008-09. The Department will use unspent FY 2007-08 MHSA CSS Plan funds available from implementation delays in the directly operated and LE contract agencies CSS programs. The MCAs of the 62 contract agencies will remain unchanged by the curtailment and the offsetting transformation actions.

BACKGROUND

Due to the Department's deficit for FY 2007-08, which was caused by a number of factors, including lower than projected Vehicle License Fees and unchanged realignment funding, DMH is planning to undertake service and budget reductions. At the same time the Department anticipates receiving millions of MHSA service dollars. As a result, the Department could experience simultaneous reductions in core mental health programs with concurrent growth in other programs, primarily MHSA-funded

programs. Therefore, approval of the recommended actions will allow DMH and its network of contract agencies mitigate the impact of the FY 2008-09 budget deficit on core mental health services and to reflect the transformation and delivery of new MHSA recovery and wellness based services.

CONTRACTING PROCESS

All of the 62 contract agencies have existing LE Agreements with DMH. Of these, 43 currently provide some form of MHSA services. The Agreements are being amended to allow all 62 contract agencies the opportunity to transform and/or expand MHSA services. Amendments to their existing Agreements will be executed upon Board approval.

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