

COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH

F A C T S H E E T

**APPROVAL TO AMEND FIVE LEGAL ENTITY AGREEMENTS
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Request approval to amend five Legal Entity Agreements for Fiscal Year 2002-03 to make additional payments due to the State Audited Cost Report Settlement for a combined total of \$144,747.

REQUEST

1. Request the Board to approve and authorize the Director of Mental Health to execute Amendments to make payments to five Department of Mental Health (DMH) Legal Entity (LE) contract agencies as a result of the State Audited Cost Report Settlement, where the settlement amounts exceed the Maximum Contract Amounts (MCA) for Fiscal Year (FY) 2002-03 by a total amount of \$144,747 fully funded with Federal Financial Participation (FFP) Medi-Cal included in the DMH FY 2009-10 Final Adopted Budget.
2. Delegate authority to the Director of Mental Health execute future amendments to the FY 2002-03 LE Agreements to establish new MCAs to make additional payments that may result from future State Final Cost Report Settlements and/or subsequent appeal processes for these and other LE contract agencies, provided that: 1) no County funds will be used to make the additional payments; 2) federal and/or State funds will be used to make the additional payments; 3) approval of County Counsel and the Chief Executive Officer (CEO), or their designees, is obtained prior to such amendments; and 4) the Director of Mental Health will notify the Board of any agreement changes in writing within 30 days after execution of each amendment.

PURPOSE/JUSTIFICATION

The State's Countywide Short-Doyle/Medi-Cal (SD/MC) Audit process determines underpayments and overpayments of Medi-Cal approved services. DMH, which is the fiscal intermediary for the Medi-Cal program for mental health services in Los Angeles County, is required to take action to collect from or reimburse contract providers based on such State Audits.

The FY 2002-03 Agreements contain provisions for the County to pay the contract providers if a post contract audit determines that the provider is owed more than the

amount paid, provided that the total payments do not exceed the MCA for a particular fiscal year. Based on the settlement process, settlement payments to the five contract agencies would result in contractors receiving payments above their MCAs and, therefore, Board authorization for the payments is required.

BACKGROUND

In compliance with various federal and State statutes, DMH will pay contract providers who have already rendered the Medi-Cal approved services in the applicable fiscal year and are eligible to receive these funds. The County cannot legally use the funds for any purpose other than reimbursing the contract agencies for Medi-Cal approved services.

The recommended actions will increase the MCAs for the five contract agencies by a total of \$144,747 and will be fully funded by FFP Medi-Cal revenue included in the DMH FY 2009-10 Final Adopted Budget. The recommended actions will not increase net County cost.

DMH Contact:

Margo Morales
Administrative Deputy
Phone: (213) 738-2891
Email: mmorales@dmh.lacounty.gov

APPROVED BY:

DMH Program – Kimberly Nall
DMH Contracts – Stella Krikorian
Chief Executive Officer – Angela Yoon
County Counsel – Julia Weissman

RK:SK:mi