

COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH

F A C T S H E E T

**AUTHORIZATION TO AMEND LEGAL ENTITY AGREEMENT
WITH THE VILLAGE FAMILY SERVICES
(SUPERVISORIAL DISTRICT 3)
(3 VOTES)**

SUBJECT

Request approval to amend the Department of Mental Health's Legal Entity Agreement with The Village Family Services to increase the maximum contract amount by \$7,000 to \$2,021,231 for services rendered during Fiscal Year 2008-09.

REQUEST

1. Approve and instruct the Director of Mental Health, or his designee, to prepare, sign and execute three copies of Amendment No. 5 (Amendment) to the existing Department of Mental Health (DMH) Legal Entity (LE) Agreement No. MH120410 (Agreement) with The Village Family Services for Fiscal Year (FY) 2008-09. The Amendment will be effective upon Board approval and will increase the maximum contract amount (MCA) for The Village Family Services for FY 2008-09 by \$7,000, from \$2,014,231 to \$2,021,231. The increased amount will be funded by Sales Tax Realignment in the amount of \$7,000.
2. Delegate authority to the Director of Mental Health, or his designee, to prepare, sign, and execute future amendments to the Agreement with The Village Family Services to reflect any additional amounts owed as a result of the federal Certified Public Expenditure (CPE) regulations, provided that approval by County Counsel and the Chief Executive Officer (CEO), or their designees, is obtained prior to any such amendment and your Board has appropriated sufficient funds for all changes; and the Director of Mental Health notifies your Board, in writing, within 30 days after execution of each amendment.

PURPOSE/JUSTIFICATION

The purpose of this request is for authority to amend the Agreement with The Village Family Services to increase the MCA by \$7,000 so that DMH may pay this provider for services in order to comply with State CPE requirements necessary to draw down federal funds. The increase to the MCA is beyond DMH's delegated authority.

Prior to February 2008, DMH paid its contractors for services provided to Short-Doyle/Medi-Cal (SD/MC) eligible clients based on approved claims from the State. All claims submitted by DMH to the State were accompanied by a DMH certification on a standard State form representing the claims were medically necessary services to Medi-Cal beneficiaries. That certification did not require DMH to certify that it had paid any County funds; rather, the certification stated that the County had sufficient funds to pay the local match. Accordingly, if a contractor exceeded the MCA, DMH would stop processing payments until the cost settlement process determined the final payment due to the provider and, if necessary at that time, would execute an amendment to the contract under delegated authority or request Board approval of an amendment if the amount exceeded delegated authority.

Subsequent to February 2008, the State has required DMH to incur the actual expense prior to the State submitting claims for Federal Financial Participation (FFP) reimbursement. In order to accommodate this change, the State and DMH negotiated a bifurcated process to satisfy the CPE for Medi-Cal claiming purposes.

Under the bifurcated process, DMH signs a second certification after payments to contractors have been made. This second certification requires DMH to verify that all claims contained in the State approval file have been paid. Consequently, DMH no longer has the option of waiting until cost settlement to pay the providers. If any claims in a file are not paid, DMH cannot make the required certification.

Accordingly, DMH must pay The Village Family Services \$7,000 for claims for services provided so that DMH may then certify approximately \$202 million of total payments and obtain \$101 million in reimbursement of federal funds for claims submitted from July 1, 2008 to May 8, 2009. All other providers have been paid for services rendered during that time.

A Board-approved contract amendment is necessary because the \$7,000 represents an increase to the MCA beyond DMH's 20 percent delegated authority. The last Board-approved MCA for The Village Family Services of \$1,317,700 for FY 2008-09 was increased to \$2,014,231 through Amendment No. 3, as a result of the previously Board-approved Katie A. Corrective Action Plan, which granted the Director of Mental Health a delegated authority to amend DMH contracts selected to provide the Foster Family Agency, Wraparound, and Treatment Foster Care mental health services.

CONTRACTOR

The Village Family Services is located at 6736 Laurel Canyon Boulevard, Suite 200, North Hollywood, California 91606, in Supervisorial District 3, Mental Health Service Area 2. The Village Family Services is a community-based nonprofit organization focused on the prevention and treatment of child abuse and family violence. Established in 1997, The Village Family Services addresses the significant lack of culturally sensitive and appropriate, high-quality services for Latino children and families victimized by violence, abuse and neglect. They serve primarily Latino, monolingual Spanish-speaking children and families living in the greater San Fernando Valley area. The foster care program serves children and teens living in Los Angeles, San Bernardino, Riverside and Ventura counties.

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