

COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH

F A C T S H E E T

**APPROVAL OF AMENDMENTS TO EXTEND THREE DEPARTMENT OF MENTAL HEALTH LEGAL ENTITY AGREEMENTS WHICH INCLUDE PROPOSITION A (PROP A) MENTAL HEALTH SERVICES WITH ENKI HEALTH AND RESEARCH SYSTEMS, PACIFIC CLINICS, AND SPECIAL SERVICE FOR GROUPS
FISCAL YEARS 2004-2005 AND 2005-2006**

(SUPERVISORIAL DISTRICTS 1 AND 5)

REQUEST:

Request Board approval of and instruct the Director of Mental Health or his designee to prepare, sign, and execute Amendments to three (3) existing Department of Mental Health (DMH) Legal Entity (LE) Agreements, which include Proposition A (Prop A) mental health services with ENKI Health and Research Systems (ENKI), Pacific Clinics, and Special Service for Groups (SSG), listed in Attachment I. The Amendments will extend the term and conditions of the existing LE Agreements for a maximum of two (2) fiscal years, for a total term of the original LE Agreements not to exceed a period of five (5) years. Upon Board approval, the first-year extension of each Agreement will commence on July 1, 2004, and will continue in effect through June 30, 2005; the second-year extension will commence on July 1, 2005, and will continue in effect through June 30, 2006.

The aggregate Maximum Contract Amounts (MCA) for the three (3) LE Agreements, as detailed in Attachment I, will be \$80,589,197 for each Fiscal Year (FY) 2004-2005 and 2005-2006. It is anticipated that the MCAs for FYs 2004-2005 and 2005-2006 may change due to pending budgetary factors, which may impact the funding that is given to the County by the State and/or Federal Government on an annual basis. These agreements permit the County to reduce the MCAs or terminate the agreements, whichever is applicable, under the terms of the agreements, if, as a result of the adoption of the County Budget, funding for the agreements is reduced.

The extension of the three (3) LE Agreements will allow for continuous, uninterrupted services to severely and persistently mentally ill adults and seriously emotionally disturbed (SED) children, adolescents, and their families who reside throughout the County of Los Angeles.

CONTRACTORS:

The three contractors -- ENKI, Pacific Clinics, and SSG -- presently provide non-Prop A and Prop A mental health services at their respective sites. ENKI was awarded its first

Prop A contract in 1988 for services at La Puente Mental Health Center and has continuously provided these services since then. Pacific Clinics was awarded its first Prop A contract in 1991 for services at El Camino Mental Health Center and has continuously provided these services since then. SSG was awarded its first Prop A contract in 1989 for services at the Asian Pacific Counseling and Treatment Center and has continuously provided these services since then. Please refer to Attachment I for additional details on each contractor.

INTENT:

Board approval of contract extensions for ENKI, Pacific Clinics, and SSG is requested to support DMH's goal of a five-year term as originally intended during the FY 2001-2002 Prop A bidders' conference. In addition, Board approval is requested due to the June 30, 2004 expiration of each LE Agreement. The Auditor-Controller and County Counsel have agreed to a two-year extension of the soon to expire three-year Prop A Agreements provided that a cost analysis is performed with positive results and such contracted funds are budgeted by DMH for FYs 2004-2005 and 2005-2006.

The extension of the three (3) LE Agreements for two (2) additional fiscal years, FYs 2004-2005 and 2005-2006, will allow for continuous, uninterrupted services to severely and persistently mentally ill adults, SED children, adolescents, and their families who reside throughout the County of Los Angeles.

JUSTIFICATION:

Prop A Cost Analysis

DMH has conducted a cost analysis with positive results for each of the three (3) Prop A mental health programs and found that each program can be performed more economically by an independent contractor than by County employees.

No layoffs or reductions in County work force or other adverse impacts on employee relations will result from the Prop A contract extensions, as the mental health services are presently contracted out.

The three contractors' LE Agreements comply with County Code Chapter 2.201, "Living Wage Program." In addition, the agreements comply with all Board policies regarding contracting and meet all of the mandatory requirement of the County Code Section 2.121.380, et. Seq., "Contracting with Private Businesses". The agreements also contain standard provisions regarding contractor responsibility and debarment. The three contractors have also certified that they have complied with the following: 1)

HIPAA; 2) Preamble for all County Health and Human Services contracts; and 3) notification requirements when expenditures total 75 percent of the MCA and/or when the term of the agreement is within six (6) months of expiration.

The LE Agreements contain termination clauses so that after the County budget is adopted, if there are any funding reductions to these contract agencies, the County can reduce or terminate the agreements.

CONTRACTING PROCESS:

There is no increase in net County cost. The MCAs totaling \$80,589,197, as detailed in Attachment I, are included in DMH's FY 2004-2005 Final Changes Budget. It is anticipated that the MCAs for FYs 2004-2005 and 2005-2006 may change due to pending budgetary factors, which may impact the funding that is given to the County by the State and/or Federal Government on an annual basis. These agreements permit the County to reduce the MCAs or terminate the agreements, whichever is applicable, under the terms of the agreements, if, as a result of the adoption of the County budget, funding for the agreements is reduced.

DMH has based its recommendations for contract extensions on the availability of funding, positive findings in DMH's cost analysis for each of the Prop A mental health service programs, and knowledge that the contractors are in good standing.

After a November 1, 2000 bidders' conference, and DMH's release of three (3) Request for Proposals (RFP's) for the re-solicitation of three (3) Prop A contracts, your Board approved the award of the LE Agreements on June 19, 2001, which included Prop A mental health services, with ENKI, Pacific Clinics, and SSG. These agencies were selected for contract awards based on program utilization, cost effectiveness, and other criteria set forth in the RFPs. The term of the LE Agreements commenced on July 1, 2001 through June 30, 2002, with provisions for two (2) automatic renewals. With this recommended action of a two-year extension, the total term of each Agreement will be five (5) years.

The extension of the three (3) LE Agreements for FYs 2004-2005 and 2005-2006 will allow for continuous, uninterrupted services to severely and persistently mentally ill adults, SED children, adolescents, and their families who reside throughout the County of Los Angeles.

Attachment

COUNTY OF LOS ANGELES -- DEPARTMENT OF MENTAL HEALTH
Contracts Development and Administration Division

ATTACHMENT I

EXTENSION OF LEGAL ENTITY AGREEMENTS FOR FYs 2004-2005 AND 2005-2006

ITEM No.	CONTRACTOR LEGAL ENTITY (LE) #	SUP. DIST.	Reimbursement Method Format & Present Contract #	Type of Service Exhibit	Agreement Extension Term	Fiscal Year	
						Maximum Contract Amount FY 2004-2005	FY 2005-2006
1	ENKI Health and Research Systems, Inc. 150 E. Olive Avenue, Suite 203 Burbank, CA 91502 Al Urner, Ph.D. President	5	NR/CR DMH-01511	104A,308A,309A 310A,311A,402 403,404A 802A,804A,1001 1006,1010	2 Years	\$21,327,908	\$21,327,908
2	LEGAL ENTITY (LE) #00188 Pacific Clinics 800 S. Santa Anita Avenue Arcadia, CA 91006 Susan Mandel, Ph.D. President and CEO	5	NR/CR DMH-01533	104A,308A,309A 310A,311A,402 403,404A,406A 501A,701A 802A,921,1001 1006,1010	2 Years	\$47,475,785	\$47,475,785
3	LEGAL ENTITY (LE) #00203 Special Service for Groups 605 W. Olympic Blvd., Suite 600 Los Angeles, CA 90015 Herbert Hatanaka, D.S.W. Executive Director	1	NR/CR DMH-01541	104A,308A,309A 402,403,404A 405,501A 602,801,802A 1001,1005 1010	2 Years	\$11,785,504	\$11,785,504
LEGAL ENTITY (LE) #00214							

Total Maximum Contract Amount: \$ 80,589,197 \$ 80,589,197

* The MCA's for FYs 2004-2005 and 2005-2006 may change due to pending budgetary factors, which may impact funding that is given to the County by the State and/or Federal Government on an annual basis.