

**BOARD LETTER – SUMMARY SHEET
HEALTH AND MENTAL HEALTH SERVICES CLUSTER**

AGENDA REVIEW	September 16, 2015
BOARD MEETING	September 29, 2015
SUPERVISORIAL DISTRICT	All Supervisorial Districts
DEPARTMENT	Mental Health
SUBJECT	APPROVAL TO ENTER INTO A NEW LEGAL ENTITY AGREEMENTS TO PROVIDE FOR SUPPLEMENTAL PAYMENTS (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)
PROGRAM	Office of Administrative Deputy/Financial Services Bureau
DEADLINES	NA
COST & FUNDING	The total estimated cost of the eighteen new agreements is \$5,437,271, fully funded by 2011 Realignment, \$221,355, FFP Medi-Cal, \$3,624,820, and SGF, \$1,591,096. These new agreements will provide supplemental funds, which were earned through the provision of covered services during FY 2006-07. DMH will use one time 2011 Realignment funds from the Sales Tax Realignment Trust Fund to pay the County funds originally contracted in FY 2006-07. Sufficient appropriation is included in the FY 2015-16 Adopted Budget for this action.
PURPOSE OF REQUEST	Approval to enter into new Legal Entity Agreements to provide for supplemental payments to eighteen Legal Entity Contractors for services provided in Fiscal Year 2006-07 at no additional County cost.
SUMMARY/ ISSUES (Briefly summarize program and potential issues or concerns. Identify changes, if any, to level of funding or staffing; how funding will be utilized and why best use; prior accomplishments; and for BLs involving	FY 2006-07 Legal Entity agreements between the Department of Mental Health (“DMH”) and its Legal Entity Contractors had two types of limits: an aggregate limit on total payments known as the Maximum Contract Amount (“MCA”) and a detailed, funding source-specific set of limits found in the Financial Summary in the agreement. In auditing DMH's consolidated Short-Doyle/Medi-Cal cost report for FY 2006-07, the California Department of Health Care Services (“DHCS”) compared the amount earned by each Legal Entity agreement under the program rules to the detailed funding source-specific limits contained in its contract with DMH and disallowed any reimbursement that exceeded the contract limits. DMH appealed these disallowances on behalf of the affected Legal Entity Contractors. Most of the affected Legal Entity Contractors had unspent

<p>contracts, also note changes to the contract term.)</p>	<p>funds in their contracts which, if assigned to different categories on the Financial Summary, could draw down additional Federal Financial Participation (“FFP”) and State General fund (“SGF”) revenues. To accomplish this, however, the amounts on the Financial Summary have to be adjusted and the FFP and SGF specific limits and, in some cases, the MCA need to be increased. During settlement discussions, DHCS indicated that it would not recognize amendments to the FY 2006-07 Legal Entity contracts which revised the Financial Summary and increased the limits, because the contracts have expired. However, DHCS agreed to accept new agreements which would provide for supplemental payments for FY 2006-07.</p> <p>Approval of the recommended action will allow DMH enter into such new agreements, with the Legal Entity Contractors listed in Attachment B to increase the final amount that they can be paid for the FY 2006-07. Such new agreements will either remove completely, or reduce, the existing audit disallowances, and allow for the resolution of the appeal issue. None of the new agreements require the expenditure of aggregate County funds above the amount specified in the original contract with the Legal Entity for this fiscal year.</p>
<p>DEPT. & COUNTY COUNSEL CONTACTS</p>	<p>Margo Morales, Administrative Deputy (213) 738-2891 Anita Lee, (213) 974-1818</p>