

COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH

F A C T S H E E T

**AUTHORIZATION TO AMEND THE SOLE SOURCE AGREEMENT WITH
EXODUS RECOVERY, INC. FOR THE PROVISION OF
URGENT CARE SERVICES NEAR
LAC+USC MEDICAL CENTER
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Request approval to amend the Department of Mental Health's Legal Entity Agreement with Exodus Recovery, Inc., to implement an Urgent Care Center near the Los Angeles County+University of Southern California Medical Center.

REQUEST

Approve and instruct the Director of Mental Health, or his designee, to prepare, sign, and execute sole source Amendment No. 3, substantially similar to Attachment I, to the existing Department of Mental Health (DMH) Legal Entity (LE) Agreement No. MH120447 with Exodus Recovery, Inc. (Exodus), to implement an Urgent Care Center (UCC) at 1920 Marengo Street, Los Angeles, CA 90033, in the amount of \$1,966,163 for Fiscal Year (FY) 2009-10 and \$3,526,742 for FYs 2010-11 and 2011-12, with revised Maximum Contract Amounts (MCA) of \$10,757,963, \$12,318,542, and \$12,318,542 for FYs 2009-10, 2010-11, and 2011-12, respectively, fully funded with State and federal revenues.

Delegate authority to the Director of Mental Health, or his designee, to prepare, sign, and execute future amendments to the LE Agreement with Exodus Recovery, Inc., and establish as a new MCA the aggregate of the original Agreement and all amendments through and including this Amendment, provided that: 1) the County's total payments to Exodus for each fiscal year do not exceed an increase of 20 percent from the applicable revised Board-approved MCA; 2) any such increase is used to provide additional services or to reflect program changes; 3) your Board has appropriated sufficient funds for all changes; 4) approval of County Counsel and the Chief Executive Officer (CEO), or their designees, is obtained prior to any such amendment; 5) County and Exodus may by written Amendment reduce programs or services without reference to the 20 percent limitation and revise the applicable MCA; and 6) the Director of Mental Health notifies your Board of Agreement changes in writing within 30 days after execution of each Amendment.

PURPOSE/JUSTIFICATION

Approval of the first recommendation will enable DMH to contract with Exodus to provide UCC service availability 24 hours per day, 7 days per week (24/7) at 1920 Marengo Street, Los Angeles, CA 90033, directly across from Los Angeles County+University of Southern California (LAC+USC) Medical Center. Exodus is uniquely qualified to provide UCC services as it has a wide range of experience in providing mental health services, including UCC services, in Los Angeles County. The Exodus UCC near LAC+USC Medical Center will provide intensive outpatient mental health services, be Lanterman-Petris-Short (LPS) designated, and have the capacity to serve individuals on involuntary holds that otherwise would be taken to emergency rooms. It is imperative that these services be provided to relieve the overcrowding at the LAC+USC Medical Center's Psychiatric Emergency Services (PES).

BACKGROUND

In November 2007, your Board approved a contract for University of Southern California Care Medical Group, Inc. (USC Care) at LAC+USC Medical Center to operate a UCC to relieve the overcrowding in the PES and the related increased demand for inpatient psychiatric services. USC Care terminated its contract to provide these services effective March 19, 2009. DMH and the Department of Health Services in conjunction with the CEO have been collaborating to plan and implement a new UCC near LAC+USC.

In December 2006, Exodus implemented the Westside UCC in Culver City, which is LPS designated and operates 24/7, providing psychiatric evaluation and medication prescription, crisis intervention and stabilization for up to 23 hours, assessment for co-occurring substance abuse disorders and linkage to community services in Service Area 5. Thus, Exodus has a ready foundation to implement the UCC near LAC+USC.

In addition, effective August 4, 2009, DMH expanded services to include an additional 12 persons at Gateways Percy Village, in close proximity to LAC+USC Medical Center, to provide dedicated residential capacity with intensive mental health services that will meet the needs of the new UCC and reduce overcrowding of the LAC+USC Medical Center PES.

Under the proposed Amendment, DMH would reimburse Exodus for MHPA allowable one-time expenses associated with starting a new MHPA program in FY 2009-10 only. These expenses may include, but are not limited to, tenant improvements, equipment, staff recruitment and training, and reimbursement of a security deposit of \$44,608 that the provider incurred to secure the program site prior to Board approval.

The proposed Amendment permits Exodus to request and receive Cash Flow Advance (CFA) funds in an amount up to \$300,000 per month for each of the first three months of operation in April, May and June 2010. To the extent that Exodus also receives CFA funds under any previously approved Amendment for the transition to the Short-Doyle/Medi-Cal Phase II claiming system, this amount would be included within such previous Amendment and this action would not result in any additional CFA in April and May of 2010.

CONTRACTING PROCESS

DMH is requesting approval of a sole source contract Amendment with Exodus, which is uniquely qualified to provide these services.

There are only two mental health providers in the Los Angeles area with proven experience providing UCC services on a 24/7 basis and with LPS designation; they are Telecare Corporation and Exodus.

When USC Care terminated its contract to provide UCC services at LAC+USC Medical Center, and in recognition that the successful implementation of a UCC in proximity to LAC+USC is essential to relieve the overcrowding in the PES and the related increasing demand for inpatient psychiatric services, DMH planned to enter into a competitive negotiation process with Telecare Corporation and Exodus to expedite selection of a contractor capable of providing UCC services. However, on March 31, 2009, Telecare Corporation notified DMH of its decision to withdraw from consideration as a potential provider of these services.

On April 27, 2009, in compliance with your Board's contracting policy requirements for sole source contracts, DMH notified your Board of its intent to enter into sole source contract negotiations with Exodus for the development of a UCC near LAC+USC. After two weeks, DMH entered into contract negotiations with Exodus for the development of a UCC near LAC+USC.

Approval of these actions will permit Exodus Recovery Inc. to implement the needed UCC services for LAC+USC Medical Center, thereby relieving overcrowding at its PES. The UCC will provide an alternative for area patients seeking psychiatric crisis services, psychotropic medication and other outpatient mental health services.

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Fact Sheet Sole Source Agreement with Exodus Recovery, Inc.