



# DEPARTMENT OF MENTAL HEALTH POLICY/PROCEDURE

<b>SUBJECT: CONTRACTORS ELIGIBILITY TO PROVIDE GOODS AND SERVICES TO FEDERALLY FUNDED HEALTH CARE PROGRAMS AND TO SECURE FEDERALLY FUNDED CONTRACTS</b>	<b>POLICY NO.  112.5</b>	<b>EFFECTIVE DATE  01/15/06</b>	<b>PAGE  1 of 8</b>
<b>APPROVED BY:</b>  <div style="text-align: right;">Director</div>	<b>SUPERSEDES</b>	<b>ORIGINAL ISSUE DATE</b>	<b>DISTRIBUTION LEVEL(S)  2</b>

## **PURPOSE**

- 1.1 To establish guidelines that prohibit contracting with individuals or entities that are debarred, suspended, ineligible, or voluntarily suspended from receiving funds from Federally funded health care programs, or who are prevented from securing Federally funded contracts.
- 1.2 To establish guidelines designed to avoid the imposition of civil monetary penalties and to ensure compliance with Federal and State laws regarding contracting with excluded individuals or entities.

## **DEFINITIONS**

- 2.1 For the purpose of this policy, “entities” refers to any individual, group, hospital, organizational provider/agency, or to any staffing agency providing temporary staff to the Department of Mental Health (DMH), including *Locum Tenens* agencies providing staff who perform mental health services on behalf of DMH.
- 2.2 The term “excluded” refers to a formal determination by a Federal or State agency that payment may not be made by a Federally funded health care program for items or services furnished by such individuals or entities including administrative and management services not directly related to patient/client care, but that are a necessary component of providing services to Federal program beneficiaries. This determination continues to apply to an individual even if he/she changes from one health care profession to another while excluded.
  - 2.2.1 An individual or entity that is excluded remains excluded until such time as the individual or entity has been formally reinstated for participation in Federally funded health care programs, after request by the individual or entity. This applies regardless of whether the period of exclusion has been completed.
- 2.3 The term “contract” refers to a written agreement between the County of Los Angeles and another party (contractor/vendor) to provide goods or services to DMH including, but



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not limited to, purchase orders, memoranda of understanding and Board approved contracts.

- 2.4 The terms “debarred, suspended or ineligible” refer to an action or actions taken by an authorized official in which an individual or entity is prohibited from providing goods or services in a program financed with Federal funds.

**POLICY**

- 3.1 DMH will not knowingly enter into contracts with:
  - 3.1.1 Individuals, or entities, or owners, officers, partners, directors, or other principals of entities, who have been convicted recently of a criminal offense related to health care or who are debarred, excluded or otherwise precluded from providing goods or services under Federal health care programs, or
  - 3.1.2 Individuals, or entities, or owners, officers, partners, directors, or other principals of entities, who are debarred, suspended, ineligible, or voluntarily suspended from securing Federally funded contracts.

**Limits of Service Due to Debarment**

- 3.2 DMH may terminate any contract immediately when it is determined that an employee, either as a sole individual or as an employee for an entity, is excluded from receiving reimbursement for providing health care services, including mental health services, under a Federal health care program.
- 3.3 DMH may terminate any contract immediately when it is determined that an entity, or owners, officers, partners, directors, or other principals of the entity are debarred, suspended, or ineligible to receive reimbursement under a Federally funded contract.
- 3.4 Individuals, or entities, including owners, officers, partners, directors, or other principals of the entity, who have been debarred or excluded from receiving reimbursement under Federal health care programs, or under Federally funded contracts, may not continue to claim Medi-Cal reimbursement through DMH.



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### **Contracts Development and Administration Division**

- 3.5 DMH-Contracts Development and Administration Division (CDAD) shall ensure that all contracts that relate directly or indirectly to the delivery of mental health services, as defined below, by or on behalf of DMH, contain provisions clearly stating that all contractors, their staff members, officers, partners, directors, or principals, or their subcontractors must remain eligible to provide goods or services under Federally funded health care programs or Federally funded contracts.
- 3.5.1 The phrase “Contracts that relate directly or indirectly to the delivery of mental health services” refers to contracts with Fee-for-Service hospitals; individual, group, or organizational providers; staffing agencies providing temporary staffing; consultants and vendors of goods and services which are included on the Short Doyle/Medi-Cal cost report; or any other contract which is funded in whole or part by a Federal health care program, or any other Federally funded program regardless of kind of service.
  - 3.5.2 At the time of contract execution, each contractor must certify that neither it nor any of its staff members, officers, directors, partners, or principals, is restricted or excluded from providing services under any health care program funded by the Federal government, or is debarred, suspended or ineligible for participation in Federally funded contracts.
  - 3.5.3 It is the responsibility of all contractors to ensure eligibility of all their staff and sub-contractors to provide goods or services under Federal health care programs. This eligibility shall be reported on forms prepared by CDAD.
  - 3.5.4 It is the responsibility of all contractors to ensure that all individuals who provide services pursuant to a contract with DMH; or, owners, officers, partners, directors, or other principals of the contracting entity; or owners, officers, partners, directors, or other principals of any sub-contractor, are eligible to participate in Federally funded contracts.
  - 3.5.5 It is the responsibility of the contractor to notify DMH within 72 hours, in writing of:



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3.5.5.1 Any event that would require the contractor or its staff member's mandatory exclusion or suspension under a Federally funded health care program, or Federally funded contract, or

3.5.5.2 Any exclusionary or suspension action taken by an agency of the Federal or State government against the contractor, or one or more of its staff members, barring the staff members, or officers, directors, partners, or principals, from providing goods or services under a Federally funded health care program, or Federally funded contract, regardless of whether such bar is direct or indirect, or whether such bar is in whole or in part.

3.6 CDAD shall ensure that all contracts using Department of Health and Human Services funding contain provisions requiring each contractor to certify that no staff member, officer, director, partner, or principal, or sub-contractor is excluded from any Federal health care program, or Federally funded contract. CDAD shall develop the formats to be signed by each contractor.

3.6.1 It is the responsibility of the contractor to notify DMH immediately if at any time the contractor learns that its certification is not valid, or has become invalid because of changed circumstances.

3.7 It is the responsibility of CDAD to complete a query of the government sanction reports, as described below in Section 4.1, to verify that the contractor is not excluded or debarred prior to contracting, re-contracting or extending the existing contract, and for existing agreements annually.

### **Administrative Support Bureau**

3.8 The Administrative Support Bureau (ASB) will ensure that all contracts for goods and services related directly or indirectly to the delivery of mental health services entered into by DMH, in cases where DMH is using its delegated authority to act as its own purchasing agent, contain a provision in their contract clearly stating the expectation that a contractor, its staff members, officers, directors, partners, or principals, or sub-contractors, are and shall remain eligible to provide goods and services under Federally funded health care programs and Federally funded contracts as a requirement of contract compliance.



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- 3.8.1 At the time of contract execution, each contractor/vendor must certify that neither the entity, its staff, its officers, directors, partners, or principals, is not excluded nor likely to be excluded from any Federal health care program, or Federally funded contracts.
- 3.8.2 It is the responsibility of the contractor to notify DMH immediately in writing of:
  - 3.8.2.1 Any event that would require the contractor, or its staff members, or one of its officers, directors, partners, or principals, mandatory exclusion or suspension under a Federally funded health care program, or Federally funded contract, or
  - 3.8.2.2 Any exclusionary action taken by the Federal or State government against the contractor, one or more of its staff members, or one of its officers, directors, partners, or principals, barring it or any of these individuals, from providing goods or services, under a Federally funded health care program, or Federally funded contract, whether such bar is direct or indirect, or whether such bar is in whole or in part.
- 3.9 ASB will ensure that all goods and services purchased on behalf of DMH that relate directly or indirectly to the delivery of mental health services, are carried out only with individuals and entities that are eligible to provide goods and services under Federally funded health care programs, and/or Federally funded contracts as a requirement of contract compliance. As referenced in Section 4.1, DMH will utilize government sanction reports to verify eligibility.
- 3.10 It is the responsibility of the contractor to notify DMH immediately if at any time the contractor learns that its certification was in error when submitted or has become erroneous because of changed circumstances.

## **PROCEDURES**

### **Contract Development and Administration Division**

- 4.1 CDAD shall complete a query prior to contract execution, and prior to re-contracting or extending the existing contract (on at least an annual basis), of the following governmental sanction resources in order to verify that a prospective contractor has not



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been excluded from Federally funded health care programs or from securing a Federally funded contract:

- 4.1.1 List of Excluded Individuals and Entities (LEIE) at <http://oig.hhs.gov>
- 4.1.2 List of Excluded Parties Listing System (EPLS) at <http://epls.arnet.gov/>
- 4.1.3 County of Los Angeles Debarment List at <http://camispnc.co.la.ca.us/contractsdatabase/reports/SpecializedReports.asp>.
- 4.2 Upon completion of the above queries, the query results will be signed and dated by the individual completing the query(ies) and placed in the appropriate file in CDAD.
- 4.3 The queries will be conducted using the name of the principal of the group or organization, if it is a sole proprietorship, or an individual using a DBA (Doing Business As). In situations where the contracting entity is a corporation, partnership, or limited liability corporation (LLC), the query will be conducted using the name of the entity.
- 4.4 All query results will be retained by CDAD in accordance with its procedures on retention of documents.

### **Administrative Support Bureau**

- 4.5 ASB and all DMH bureaus/divisions functioning on behalf of the ASB shall verify the exclusion status of potential contractor(s)/vendor(s) prior to contracting, re-contracting, or extending the contract by:
  - 4.5.1 Verifying eligibility by checking the Internal Services Department (ISD) vendor web site for those vendors approved by ISD, or
  - 4.5.2 Verifying eligibility by checking the government sanction reports as described in Section 4.1 for all individuals and entities not listed as approved vendors by ISD.
- 4.6 Upon completion of the above queries, the query results shall be signed and dated by the individual completing the query(ies) and placed in the appropriate file in ASB.



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- 4.7 The queries shall be conducted using the name of the principal of the group or organization, if it is a sole proprietorship, or an individual using a DBA. In situations where the contracting entity is a corporation, partnership, or limited liability corporation, the query shall be conducted using the name of the entity.
  
- 4.8 All query results shall be retained by ASB in accordance with its procedures on retention of documents.

### **Department Programs**

- 4.9 When new contracts are being considered by DMH, it is the responsibility of the DMH programs reviewing the services, credentials, and service sites of potential contractors to verify eligibility of the potential contractor by following the procedures in Section 4.1. Potential new contractors are responsible for attesting to the eligibility of all its staff, officers, directors, partners, or principals prior to the awarding of a new contract as outlined in Sections 3.5.2 and 3.8.1.

### **AUTHORITY**

United States Code, Title 42, Section 1320a-7

United States Code, Title 45, Part 76

Code of Federal Regulations, Title 42, Section 1001.1901

County of Los Angeles Code 2.202

DMH LEGAL ENTITY AGREEMENT

**REVIEW DATE** This policy will be reviewed five (5) years following the effective date.