



County of Orange

MEMO

DATE: March 10, 2006

TO: Bill Campbell, Chairman

FROM: *for* Tom Mauk, County Executive Officer

SUBJECT: Exception to the Rule 21

RECEIVED
 06 MAR 10 PM 12:11
 CLERK OF THE BOARD
 ORANGE COUNTY
 BOARD OF SUPERVISORS
 934E

The County Executive Office is requesting a supplemental for the March 14, 2006 Board Hearing Meeting:

Board Meeting Date: March 14, 2006
 Agency: HCA
 Subject: Report to the Board on New Millennium Community Coalition and request by Health Resources and Services Administration for Reimbursement and possible Board Direction
 Calendar: Supplemental
 Districts: All

Reason for Supplemental: Requested by 4th District

Concur:

 Bill Campbell, Chairman
 Orange County Board of Supervisors

cc: Rob Richardson
 Assistant to the County Executive Officer

**SUPPLEMENTAL AGENDA ITEM
AGENDA STAFF REPORT**



ASR Control

MEETING DATE: March 14, 2006
LEGAL ENTITY TAKING ACTION: Oranag County Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S): All
SUBMITTING AGENCY/DEPARTMENT: Health Care Agency
DEPARTMENT CONTACT PERSON(S): Juilie Poulson (714) 834-6254

SUBJECT: Report to the Board on New Millennium Community Coalition and request by Health Resources and Services Administration for Reimbursement and possible Board Direction.

CEO CONCUR

COUNTY COUNSEL REVIEW

**CLERK OF THE BOARD
Discussion**

Budgeted: N/A

Current Year Cost: N/A

Annual Cost: N/A

Staffing Impact: N/A

of Positions: N/A

Sole Source: N/A

Current Fiscal Year Revenue:

Funding Source: N/A

Prior Board Action: N/A

RECOMMENDED ACTION(S)

Receive & File

SUMMARY:

N/A

BACKGROUND INFORMATION:

N/A

FINANCIAL IMPACT:

N/A

STAFFING IMPACT:

N/A

REVIEWING AGENCIES:

N/A

EXHIBIT(S):

ATTACHMENT(S):



Excellence
Integrity
Service

COUNTY OF ORANGE HEALTH CARE AGENCY

OFFICE OF THE DIRECTOR

JULIETTE A. POULSON, RN, MN
DIRECTOR

DAVID L. RILEY
ASSISTANT DIRECTOR

MAILING ADDRESS:
405 W. 5th STREET, ROOM 721
SANTA ANA, CA 92701

TELEPHONE: (714) 834-6254

FAX: (714) 834-3660

E-MAIL: jpoulson@ochca.com

March 6, 2006

TO: Thomas G. Mauk, County Executive Officer

SUBJECT: *Orange County Register* Article 3/5/06 re: New Millennium

In April 2005, the Health Care Agency (HCA) received a draft report from the Health Resources and Services Administration (HRSA) in follow-up to an August 2004 site visit. The site visit was focused on Ryan White CARE Act Title I funding for HIV services.

HRSA's draft report found no basis for several of the complaints but did identify problems in the County's administration of its contract with New Millennium Community Coalition (NMCC) a community-based organization no longer in existence. NMCC received a contract for \$70,496 in FY 01-02 and \$72,832 in FY 02-03; less than two percent of the County's Ryan White CARE Act Title I award each year. The draft report's findings called for HCA to repay the full amount of \$143,328 provided to this contractor during the two-year period. HRSA's concerns centered on HCA's monitoring of the contract and on the contractor's verification of client eligibility and its documentation of expenditures.

HCA does not agree with the findings in the draft report and has submitted a response to HRSA. It was HCA's monitoring of the contract during the contract terms that identified performance deficits with the contractor and HCA worked with HRSA in identifying appropriate actions to take with the contractor. In consultation with HRSA, HCA provided technical assistance and support in an attempt to improve performance. Because of continued deficiencies, HCA did not accept a contract proposal from NMCC in FY 2003 and transitioned these services to another provider in March 2003.

Specific to HRSA's concerns regarding client eligibility and documentation of expenditures, HCA has submitted documentation to HRSA of the HIV diagnosis for all clients served and copies of fiscal records documenting appropriateness of the contractor's expenditure. HCA's Contracts Development Management (CDM) unit reviewed all available records and was able to substantiate nearly all expenditures.

HCA is awaiting a final report and finding from HRSA. *The Orange County Register* has been inquiring about the report and HCA's handling of the NMCC contract. HCA's Public Information Officer has spoken to reporters on several occasions and staff has provided documents to reporters as requested through the Custodian of Records. The Board of Supervisors' offices were briefed verbally on January 26th and I provided a briefing memo to the

Chief Executive Officer on February 16th. On Sunday, March 5, 2006, *The Orange County Register* published an article on the subject entitled *Misplaced Faith*.

Response to Article

The article mischaracterized several facts specific to the HCA's contracting with New Millennium Community Coalition in 2001-03. The following are clarifications/corrections of the most significant concerns.

- The article implied that HCA irresponsibly sole-sourced a contract to an inexperienced provider.

NMCC was awarded a sole source contract in 2001 because no other qualified provider existed at the time that HRSA implemented a requirement that Minority AIDS Initiative funds be contracted only to minority-based agencies. This change was announced at the time of award and there was little time for the HCA to find a new provider. Though Aubrey Keys, Executive Director of New Millennium Community Coalition, may have been new to Orange County, other NMCC staff had worked in the community previously.

- The article implies that over half of the funds went to administrative costs.

The annual budgets were appropriate to the contracted scope of work. Administrative cost for both years was below 10% and included a small portion of the executive director's (Aubrey Keys) time. Ernesta Wright was the project coordinator/director and was primarily responsible for program (not administrative) duties. The most significant expense in the contract was program salaries, which is appropriate for case management.

- The article implies that services were provided to ineligible clients, client HIV diagnosis was not verified, and that African Americans were not served by NMCC.

Though the contractor's performance was less than required by the contract, documented services were provided to verified eligible African American clients. The HIV diagnosis of all clients has been verified. HCA has no question as to eligibility of clients served and has addressed HRSA's concern on this. HCA site reviews of the contractor identified performance and documentation deficits. NMCC showed improvement at subsequent follow-up reviews, though performance continued to be problematic.

- The article implies that HRSA was not involved in the decision to continue the contract with NMCC during the second year.

The County considered terminating the NMCC contract sooner due to poor performance and consulted with the HRSA Project Officer regarding the concerns. The HRSA Project Officer made a site visit to HCA and to the provider to assist HCA in assessing the situation and developing a course of action. The April 2002 report from the HRSA Project Officer identifies infrastructure problems with NMCC and recommends that:

“A mentoring relationship should be established between [AIDS Services Foundation] ASF and New Millennium, and implemented in such a way that ensures services to African American clients are not interrupted.”

Because of HRSA’s interest in serving minority clients through minority-based agencies and HRSA’s recommendation to work with minority-based agencies to build capacity, the County, in consultation with the Project Officer, chose to continue to work with the provider through the second contract period. Ultimately, due to insufficient sustained improvement in performance and HRSA’s rescission of the mandate that the Minority AIDS Initiative funds be directed to minority-based agencies, the County released a request for proposals and was able to contract with another agency beginning March 2003.

- The article ends by implying that African Americans are not served well in the County’s HIV continuum of care.

Orange County’s continuum of HIV care ensures that all HIV-positive persons have access to care and places special emphasis on targeting underserved and/or disproportionately impacted communities. In FY 2004, while African Americans made up 5.5% of the living HIV/AIDS cases reported in Orange County, they made up the following percentages of persons served in Orange County:

- Medical Care: 6.8%
- Case Management: 6.4%
- Mental Health: 5.7%
- Housing: 13%
- Food: 9%
- Transportation: 12.5%

In addition, in 2004 and 2005 the County solicited and received funds to conduct a qualitative study of the care needs (and obstacles to access) of HIV-positive African American and Latinos in the county. HCA and the Orange County HIV Planning Council have used findings from the report to inform funding decisions and shape services in the community.

Contracting Procedures

In response to internal reviews of contract monitoring processes and recommendations from the HIV Planning Council’s annual Evaluation of the Administrative Mechanism, HCA/ Contracts Development and Management (CDM) has implemented several improvements to contract monitoring in the last several years. These ensure contractor performance issues are identified and resolved quickly.

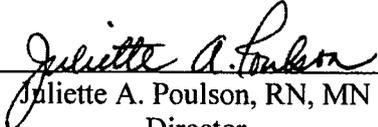
- In December 2005, HCA created a new centralized unit within CDM, its human services contracting division. This new unit is responsible for oversight of fiscal audit reviews, establishment of annual fiscal and administrative review schedules, coordination of external

audits, monitoring compliance relative to the goal of achieving 33-50% completion of audits/reviews annually, and provision of Contract Administrator training.

- CDM has incorporated a monthly expenditure and revenue analysis into each payment review, and staff members make adjustments on monthly payments for variances in accordance with terms and conditions of contract. Supervisors of contract administrators review quarterly activity reports to ensure adjustments to payments are being made appropriately and corrective action plans are being implemented, if applicable.
- CDM has also established an annual site visit schedule, and contract administrators report scheduled and completed site visits of each contractor to the division manager in quarterly activity reports.
- CDM has developed a three-year fiscal review schedule, including internal fiscal reviews and outside auditing. Providers are given a higher priority for an audit completion if deemed to be at a higher-risk.
- CDM conducts an initial sanction screening on new contractors, and screening twice a year to assure that none have been prohibited from being involved in federally funded health care programs.
- CDM is updating all of its Policies and Procedures with current practices and will be training staff members to ensure they understand existing policies and changes in procedures.

In summary, HCA has reviewed the concerns expressed by HRSA in the draft report and has sought to work with HRSA to resolve concerns. HCA has consistently acknowledged the performance difficulties of the contractor and it was HCA that brought these to the attention of HRSA at the time. HCA leadership in CDM, Public Health, and HIV Planning and Coordination has changed since 2003 and this new leadership has continued to show its commitment to enhancing accountability by improving contract monitoring processes and enhancing transparency to the community.

Please feel free to contact David Souleles, Chief Public Health Operations at (714) 834-3882 if you have any questions.


Juliette A. Poulson, RN, MN
Director

cc: William D. Mahoney, Deputy CEO