



Board Agenda Item 48

DATE: June 20, 2023

TO: Board of Supervisors

SUBMITTED BY: Susan L. Holt, LMFT, Director of Behavioral Health

SUBJECT: Agreements to Include State Mandated CalAIM Requirement Changes with Term Extensions for Inpatient Psychiatric Hospital Services

RECOMMENDED ACTION(S):

- 1. Make a finding that it is in the best interest of the County to waive the competitive bidding process consistent with Administrative Policy No. 34 for unusual or extraordinary circumstances for the agreements listed within recommended actions two through five given the non-competitive nature of the master agreement;**
- 2. Approve and authorize the Chairman to execute a master agreement for inpatient psychiatric hospital services, effective July 1, 2023 through June 30, 2025, which includes one optional one-year extension, total not to exceed \$58,000,000;**
- 3. Approve and authorize the Chairman to execute an agreement with BHC Sierra Vista Hospital for inpatient psychiatric hospital services, effective July 1, 2023 through June 30, 2025, which includes one optional one-year extension, total not to exceed \$15,300,000;**
- 4. Approve and authorize the Chairman to execute an agreement with BHC Heritage Oaks Hospital for inpatient psychiatric hospital services, effective July 1, 2023 through June 30, 2025, which includes one optional one-year extension, total not to exceed \$1,580,000; and**
- 5. Approve and authorize the Chairman to execute an agreement with UHS of Madera for inpatient psychiatric hospital services, effective July 1, 2023 through June 30, 2025, which includes one optional one-year extension, total not to exceed \$23,800,000.**

There is no additional Net County Cost associated with the recommended actions. The Department of Behavioral Health (DBH) has existing agreements in place for inpatient psychiatric hospital services; however, DBH must enter into new agreements that will replace, restate and supersede the existing agreements due to new Department of Health Care Services (DHCS) implemented California Advancing and Innovating Medi-Cal (CalAIM) regulations throughout the Behavioral Health System of Care. Additionally, three of the hospital's legal teams require agreements outside of the Master Agreement, hence the need for recommended actions three through five. This item is countywide.

ALTERNATIVE ACTION(S):

There are no viable alternative actions. Should your Board not approve the recommended actions, existing individuals served by expiring contracts will experience a gap in services and/or the County will not be able to adhere to compliance of the new CalAIM regulations required of all subcontracted providers within the

Behavioral Health System of Care. In Addition, DBH would be left without access to Inpatient Psychiatric Hospitals for persons with high acuity needs to serve the community. Approval of the three new one-to-one agreements allows the County to continue contracting with needed Inpatient Psychiatric Hospitals that would otherwise not contract with Fresno County for these needed beds, especially the new Hospital in Madera County to keep persons served closer to home.

SUSPENSION OF COMPETITION/SOLE SOURCE CONTRACT:

The request by DBH to waive the competitive bidding process is consistent with Administrative Policy No. 34 due to the non-competitive nature of the Master Agreement. All qualified, licensed and interested vendors may be added to the Master Agreement, subject to Board approval, to meet the department's placement needs as assessed by clinical staff and in accordance with all terms and conditions specified in the contract (including all credentialing and compliance requirements) will be able to participate as a contracted provider. The three one-to-one agreements will maintain the requirements of Administrative Policy No. 34. The Internal Services Department - Purchasing concurs with the DBH's request to waive the competitive bidding process.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The maximum compensation of the Master Agreement (\$58,000,000), BHC Sierra Vista Hospital (\$15,300,000), BHC Heritage Oaks Hospital (\$1,580,000), and UHS of Madera (\$23,800,000) are funded with Mental Health Realignment. Sufficient appropriations and estimated revenues are included in DBH's Org 5630 FY 2023-24 Recommended Budget and will be included in future budget requests for the duration of the term. Actual costs will be determined by actual services provided.

DISCUSSION:

On May 21, 2013, your Board approved Agreement No. 13-283 with DHCS, establishing DBH as the Mental Health Plan (MHP) for the County's Medi-Cal persons served. The responsibilities include ensuring persons served have access to medically necessary mental health services provided within and/or outside of the County and reimbursement to mental health providers and psychiatric inpatient hospitals for services provided to persons served, in accordance with Welfare and Institutions Code (WIC) and Title 9 of California Code of Regulations (CCR).

On May 8, 2018, your Board approved Master Agreement No. 18-250 to contract with Inpatient Psychiatric Hospitals whose service costs may exceed the \$200,000 maximum payable by the Internal Services Department - Purchasing Division Manager to non-contracted inpatient psychiatric hospitals rendering them unpayable under the expedited process approved on June 6, 2017.

The individuals served by the identified providers have high acuity needs and require immediate inpatient services that are volatile. The Master Agreement was intended to provide a mechanism for timely payment processing, minimizing of inpatient service wait times, and reliable availability of inpatient beds for county residents in need of inpatient psychiatric care.

CalAIM is a long-term commitment to transform and strengthen Medi-Cal, offering Californians a more equitable, coordinated, and person-centered approach to maximizing their health and life trajectory. The three goals of CalAIM are: 1) identify and manage comprehensive needs through whole person care approaches and social drivers of health, 2) improve quality outcomes, reduced health disparities, and transform the delivery system through value-based initiatives, modernization, and payment reform, and 3) make Medi-Cal a more consistent and seamless system for enrollees to navigate by reducing complexity and increasing flexibility. Under the CalAIM transformation effort, the County is required to update contracts with new language to include the new CalAIM related requirements to ensure compliance.

The recommended supersede agreements have updated contract language that ensures compliance with the new CalAIM requirements and will maintain the current service levels provided to the individuals served throughout the Behavioral Health System of Care.

Three hospitals that are under the umbrella organization Universal Health Services (UHS) legal team has refused to sign onto a master agreement. DBH made the decision to split these agreements into three one-to-one agreements in order to continue contracting with these hospitals.

The modification clause of the agreements delegates the board's authority to the DBH Director to make certain changes to the agreements during the term of the agreements, as further described in the modification clauses of each agreement. For the master agreement, the DBH director is also authorized to terminate the contract with individual contractors where there is mutual written consent of the DBH Director and the contractor.

Additionally, DBH has determined that the maximum compensation for the master agreement is not sufficient for the remainder of Fiscal Year 2022-23. More persons served have been referred/placed in inpatient psychiatric hospitals in the last fiscal year. The recommended action will add additional funds from January 1, 2023 through June 30, 2023 to ensure funding is available for services provided.

OTHER REVIEWING AGENCIES:

The Behavioral Health Board was notified of the recommended agreements at the May 2023 meeting.

REFERENCE MATERIAL:

BAI #33, May 8, 2018
BAI #40, June 6, 2017
BAI #46, May 21, 2013

ATTACHMENTS INCLUDED AND/OR ON FILE:

Suspension of Competition - Master Agreement
Suspension of Competition - Sierra Vista
Suspension of Competition - Heritage Oaks
Suspension of Competition - UHS of Madera, Inc.
On file with Clerk - Master Agreement
On file with Clerk - Agreement with BHC Sierra Vista Hospital
On file with Clerk - Agreement with BHC Heritage Oaks Hospital
On file with Clerk - Agreement with UHS of Madera

CAO ANALYST:

Ron Alexander