



Board Agenda Item 50

DATE: June 20, 2023

TO: Board of Supervisors

SUBMITTED BY: Susan Holt, Director, Department of Behavioral Health

SUBJECT: Agreement with Kaweah Delta Health Care District's Mental Health Hospital in Tulare County for Inpatient Psychiatric 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 as Kaweah Delta Health Care District dba Kaweah Health Mental Health Hospital in Tulare County is one of two certified and licensed facilities willing to accept the County's medically indigent on an overflow basis.**
- 2. Approve and authorize the Chairman to execute an Agreement with Kaweah Delta Health Care District dba Kaweah Health Mental Health Hospital in Tulare County for referral of Fresno County adult mental health clients to mandated inpatient psychiatric services, effective July 1, 2023, not to exceed five consecutive years, which includes a three-year base contract and two optional one-year extensions, total not to exceed \$11,250,000.**

Approval of the recommended actions will ensure the continued availability of sufficient inpatient psychiatric beds for Fresno County adult mental health clients on an overflow basis at Kaweah Health Mental Health Hospital located in Tulare County. The inpatient psychiatric per client day rate is not negotiable and is set based on Kaweah Health Mental Health Hospital's negotiated rate with the County of Tulare, not to exceed a maximum increase of 4% each fiscal year during the contract's term. The beds are funded by Medi-Cal Federal Financial Participation (FFP) and Mental Health Realignment funds with no increase in Net County Cost. This item is countywide.

ALTERNATIVE ACTION(S):

If the recommended actions are not approved, acute inpatient psychiatric services needed by adult clients may be delayed due to unavailability at the Department of Behavioral Health's contracted Psychiatric Health Facility (PHF), or the client may be placed at a non-contracted facility that charges a higher rate. Non-approval may also result in acute mental health clients remaining longer periods in local emergency departments.

SUSPENSION OF COMPETITION/SOLE SOURCE CONTRACT:

The Department of Behavioral Health (DBH) recommends your Board waive the competitive bidding process consistent with Administrative Policy No. 34 due to unusual or extraordinary circumstances in order to have Kaweah Health Mental Health Hospital, a qualified acute inpatient hospital licensed with the State, provide services to clients on an overflow basis. Kaweah Health Mental Health Hospital is one of three local certified and State licensed facilities within a 100-mile radius, and one of only two facilities willing to accept the County's medically indigent, Medi-Cal beneficiaries and recipient referrals on an overflow basis. The

other hospital is located in Fresno County; Fresno Community Hospital and Medical Center has an existing contract with the County for overflow services. The Internal Services Department - Purchasing concurs with 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 cost of the recommended agreement (\$11,250,000) will be fully financed with Medi-Cal Federal Financial Participation and Behavioral Health Realignment funds. Sufficient appropriations and estimated revenues are included in the Department's Org 5630 FY 2023-24 Recommended Budget and will be included in subsequent budget requests for the duration of the recommended agreement.

DISCUSSION:

The County operates a Managed Care Mental Health Plan (MHP) through an agreement with the California Department of Health Care Services (DHCS). The MHP oversees the provision of mandated mental health services to Medi-Cal, indigent and uninsured clients of all ages. Pursuant to Welfare & Institutions Code (W&IC), Section (§) 14712, the County must ensure the availability and accessibility of an adequate number of beds at inpatient facilities to provide medically necessary acute inpatient psychiatric services. The County is also mandated by W&IC §5600 to provide mental health crisis and psychiatric inpatient services to indigent and uninsured clients.

On June 18, 2019, the Board executed agreement No. 19-283 with Kaweah Health Mental Health Hospital to provide acute inpatient psychiatric services on an overflow basis. The County utilized Kaweah Health Mental Health Hospital for the provision of acute psychiatric inpatient services for the following number of Medi-Cal and non Medi-Cal eligible patients:

- FY 2018-19: 413 clients for a total of 3,802 patient days
- FY 2019-20: 273 clients for a total of 2,787 patient days
- FY 2020-21: 105 clients for a total of 1,069 patient days
- FY 2021-22: 77 clients for a total of 944 patient days

Both County and Kaweah Health Mental Health Hospital staff will work collaboratively in discharge planning to ensure continuity of care and linkage to appropriate ongoing outpatient specialty mental health services. The clients would be referred as needed to either Fresno County's Urgent Care Wellness Center, for new clients entering County mental health services, or at other Adult System of Care appropriate service sites.

The recommended contract will provide payments for acute inpatient psychiatric services provided to the County's medically indigent, Medi-Cal beneficiaries and recipients at the rate of \$1,428 per patient day for FY 2023-24. The inpatient psychiatric per client day rate is not negotiable and set by Kaweah Delta Health Care District based on an annually negotiated rate with the County of Tulare, not to exceed a maximum increase of 4% each fiscal year during the contract's term.

In addition, the contract provides for an administrative day rate of \$693 per client day, established by the California Department of Health Care Services Rate Development Branch, and payable when the client no longer requires acute inpatient psychiatric services and is pending discharge or placement to a lower care level facility. Kaweah Delta will be responsible for all non-psychiatric physician services and related medically necessary non-psychiatric services provided post admittance of a County beneficiary or recipient covered under the proposed Agreement. The recommended agreement states that any rate adjustment(s) shall not result in an increase to the maximum compensation of the agreement. Fresno County will receive a credit for any charges reimbursed by the State for services rendered by Kaweah Delta to clients who later become Medi-Cal eligible. Actual costs will be determined by the actual services rendered.

The modification clause of the agreement delegates the board's authority to the DBH Director to make certain changes to the agreement during the term of the agreement, as further described in the modification clause of the agreement. The County or Contractor may provide for termination of the agreement without cause upon 60 days advance written notice of an intention to terminate.

The recommended Agreement includes modified insurance language due to Kaweah Delta's self-insured retention limits. Only governmental entities are typically permitted to self-insure, but DBH believes it is in its best interest to waive this requirement as Kaweah Health Mental Health Hospital is one of three local certified and State licensed facilities within a 100-mile radius, and one of only two facilities willing to accept overflow inpatient psychiatric services to Fresno County's medically indigent and Medi-Cal recipients. Kaweah Delta has provided correspondence stating that the present insurance coverages and reserves are sufficient to cover currently estimated claim exposures.

OTHER REVIEWING AGENCIES:

The Behavioral Health Board will be made aware of the recommended agreement at its June 21, 2023 meeting.

REFERENCE MATERIAL:

BAI #40.1, June 18, 2019
BAI #31, August 25, 2015

ATTACHMENTS INCLUDED AND/OR ON FILE:

Suspension of Competition Acquisition Request
On file with Clerk - Agreement with Kaweah Delta Health Care District

CAO ANALYST:

Ronald Alexander