



# Board Agenda Item 44

DATE: June 20, 2023

TO: Board of Supervisors

SUBMITTED BY: Susan L. Holt, Director, Department of Behavioral Health  
Sanja Bugay, Director, Department of Social Services

SUBJECT: Agreements to include State Mandated CalAIM Payment Structure Changes and Term Extensions

RECOMMENDED ACTION(S):

1. **Approve and Authorize the Chairman to execute the following agreements and with various contractors for California Advancing and Innovating Medi-Cal required payment structure changes including one year and/or possible 12-month term extensions with no payment structure changes, all effective July 1, 2023:**
  - a. **Agreement with Central Star Behavioral Health, Inc. for Wraparound Services to Child Welfare Mental Health**
  - b. **Agreement with Fresno County Superintendent of Schools for Specialty Mental Health Treatment and Prevention and Early Intervention Services Agreement**
  - c. **Agreement with Turning Point of Central California, Inc. for Rural Full Service Partnership, Outpatient, and Intensive Case Management Services**
  - d. **Agreement with Central Star Behavioral Health, Inc. for 24/7 Crisis Residential Treatment Services**
  - e. **Agreement with Comprehensive Youth Services, Exceptional Parents Unlimited, and Pacific Clinics (formerly Uplift Family Services) for the Bright Beginnings Full Service Partnership services for Youth**
  - f. **Master Agreement with Various Providers for Short-Term Residential Therapeutic Program Specialty Mental Health Services to Child Welfare Youth**
  - g. **Agreement with Central Star Behavioral Health, Inc. for Full Service Partnership services for Transitional Age Youth ages 16-24**
  - h. **Agreement with Comprehensive Youth Services for Functional Family Therapy Services**
  - i. **Agreement with Pacific Clinics (formerly Uplift Family Services) for Assertive Community Treatment Services for Youth**
  - j. **Agreement with JDT Consultants, Inc. for Therapeutic Behavioral Services**
  - k. **Master Agreement with Various Providers for mandated mental health services to Child Welfare Youth**
  - l. **Master Agreement with various providers for Specialized Residential Mental Health Services**
  - m. **Agreement with Mental Health Services, Inc. dba TURN Behavioral Health Services for Co-Occurring Mental Health and Substance Use Disorder Services Full Service Partnership Services**
  - n. **Master Agreement including The Fresno Center, for Cultural Specific Services for Full Service Partnership, Outpatient, and Intensive Case Management Services**
2. **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 transitioning funding from a terminating contract to a new contract based on familiarity with the justice involved population.**

Approval of the first recommended action will allow the Department of Behavioral Health (DBH) to adhere to new Department of Health Care Services (DHCS) implemented California Advancing and Innovating Medi-Cal (CalAIM) regulations including Medi-Cal payment reform changes throughout the Behavioral Health System of Care. Some of the applicable agreements require a term extension for one year and/or a possible 12-month extension based upon satisfactory performance in order to allow the Department time to appropriately analyze the impacts of the payment reform and CalAIM changes to the County and the subcontracted providers. The first recommended action will supersede expiring contracts and make the applicable payment reform changes to contract language for various contractors. All recommended actions will become effective on July 1, 2023, with no increase in Net County Cost. This item is county-wide.

The second recommended action will allow the DBH to transition funding from one contract whose program is sunsetting to another program that has years of experience providing similar services to the justice involved population.

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. If contracts expire, DBH would be left without a provider network to serve the community; DBH has insufficient clinical staff to provide these services due to an approximately 30% vacancy rate and could not absorb the population in county-operated programs nor could we hire fast enough to staff clinics to serve the population without gaps in services.

SUSPENSION OF COMPETITION:

The Supersede Agreement to County Agreement No. 19-406 for a Master Agreement with various licensed facilities for Specialized Residential Services requires a Suspension of Competition. The Master Agreement is with various licensed facilities certified to provide placements and specialized residential services for seriously emotionally disturbed (SED) youth and adults with severe and persistent mental health conditions, including individuals suffering with eating disorders, pursuant to Welfare Institutions Code (WIC) and California Code of Regulations (CCR). County DBH is seeking to add residential service providers located both in Fresno and out of County onto this Master Agreement. DBH will contract with any licensed facility that is reviewed and is determined to meet the needs of the Conservator Team. Expanding Fresno County's options for provision of services will ensure a wider network to meet the needs of persons served. The Internal Services Division - Purchasing concurs with the Department's request to suspend the competitive bidding process.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. Attachment A includes the FY 2023-24 contract amounts, the maximum compensation amounts, and funding sources of each contract included herein.

Each of the contracts identified within the Attachment will be fully funded by their existing funding sources including, but not limited to: Medi-Cal Federal Financial Participation, Mental Health Realignment funds, and Mental Health Services Act funds (Community Services and Supports and/or Prevention and Early Intervention).

Sufficient appropriations and estimated revenues are included in DBH's Org 5630 FY 2023-24 Recommended Budget and will be included in all future recommended budgets throughout the remainder of the contract terms.

DISCUSSION:

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 change existing payment methods from cost-based reimbursement to a fee-for-service (FFS) structure beginning July 1, 2023. DBH has existing agreements with various contractors that deliver specialty mental health services (SMHS) and drug Medi-Cal (DMC) services, and they each need to be amended or superseded to include the new FFS payment structures along with other CalAIM related requirements and language updates for compliance.

DHCS set the County's rates which are inclusive of County's costs for administering the Medi-Cal services programs, submitting claims to the State, and other functions. It is the authority of the DBH, as the Behavioral Health Plan, to set the rates that we will pay within our network of subcontracted providers.

DBH, in conjunction with the California Mental Health Services Authority (CalMHSA) - a Joint Powers of Authority (JPA) formed in 2009 by counties throughout the state to work on collaborative, multi-county projects - established rates after analysis of the market, risks to the County, and many other factors including rates for different modalities of services such as:

- Outpatient services - both specialty mental health services (SMHS) and substance use disorder (SUD) services under Drug Medi-Cal (DMC)
- Crisis stabilization services
- Inpatient psychiatric services
- 24-hour services (residential)
- Mobile crisis
- Inpatient psychiatric services
- Drug Medi-Cal Organized Delivery System (ODS) inpatient services
- Narcotic Treatment Program (NTP) services.

In addition to the changes in how subcontracted providers will be paid with the new FFS structure, some organizational providers will be eligible for one-time payments for transitional optimization, based on deliverables determined by DBH. These deliverables are listed in each contract's scope of work and the providers may opt in during the first quarter of FY 2023-24. These one-time funds will help providers with cashflow and will incentivize them to take prudent business actions necessary to be successful under the CalAIM Payment Reform.

The recommended supersede agreements have updated contract language that removes the current cost-based reimbursement structures and associated language along with removal of related cost settlement language and replaces it with the required FFS payment structure and other associated language so DBH will be compliant with CalAIM requirements.

The recommended action will provide flexibility with term deadlines and payment structures to maintain the current service levels provided to the individuals served throughout the Behavioral Health System of Care.

The agreements identified are currently in either their final year with a June 30, 2023 expiration date or are in the fourth year of their contract with an expiration date of June 30, 2024. Approval of this recommended action will allow for supersede agreements that will provide an additional one-year contract period and/or a one-year possible extension period based upon satisfactory performance through June 30, 2025.

These recommended supersede agreement are due to insufficient time to complete the competitive bid process for expiring agreements, complete resulting agreements, and amend all other necessary agreements for Payment Reform due to the delays in receiving the rate information from the State. These supersede agreements will allow the DBH additional time to ensure services are being delivered and maintaining continuity of care for persons served in the community while we make this historic transition to a new method of funding. The recommended actions will also allow the DBH time to analyze the effects of the changes of both CalAIM requirements and Payment Reform on the DBH's subcontracted providers.

- **Attachment A** includes the information for 14 recommended supersede agreements to contracts that are expiring either on June 30, 2023 or June 30, 2024 plus payment reform changes including: contractor name, services provided, Board Agreement No. (including any related amendments), and maximum compensation for FY 2023-24.

The requested agreements will become effective July 1, 2023.

Recommended Action 1c, a supersede agreement with the Fresno County Superintendent of Schools (FCSS), includes modifications to the standard County boilerplate language. The modifications made were needed for FCSS to ensure they abided by their restrictions and responsibilities as a public entity. The modifications are outlined below and have been reviewed by County Counsel and County Risk departments and include changes to the Term, Notices, Termination, Indemnity, Insurance, Data Security and Public Records Articles within the recommended agreement.

Several agreements within the first recommended action include additional language within the modification clause of the agreements that allows the DBH Director, or designee, the authority to make changes to the agreement in order to accommodate changes in the law and/or to increase the rates during the course of the agreement(s). Additionally, the Master Agreements within the first recommended action also include language that grants authority to the DBH Director, or designee, to terminate the agreements with individual providers with mutual consent of the DBH Director and the Contractor.

OTHER REVIEWING AGENCIES:

The Behavioral Health Board was informed of this agenda item and related supersede agreements and amendments at the May 17, 2023 meeting.

REFERENCE MATERIAL:

BAI #32 February 28, 2023  
BAI #35, November 29, 2022  
BAI #24, November 8, 2022  
BAI #33, August 9, 2022  
BAI #36, April 13, 2022  
BAI #27, June 8, 2021  
BAI #30, July 7, 2020  
BAI #31.1, April 28, 2020  
BAI #22, January 7, 2020  
BAI #26, August 20, 2019  
BAI #39, June 18, 2019  
BAI #36, December 11, 2018

BAI #33, December 11, 2018  
BAI #28, December 11, 2018  
BAI #32, October 23, 2018  
BAI #33, October 9, 2018  
BAI #39, August 7, 2018  
BAI #45, July 10, 2018  
BAI #33, June 12, 2018  
BAI #9, June 5, 2018  
BAI #68, June 5, 2018  
BAI #18, May 1, 2018  
BAI #34, November 14, 2017

ATTACHMENTS INCLUDED AND/OR ON FILE:

Attachment A

Suspension of Competition

On file with Clerk - Agreement with CSBH  
On file with Clerk - Agreement with FCSS  
On file with Clerk - Agreement with Turning Point  
On file with Clerk - Agreement with CSBH  
On file with Clerk - Agreement with CYS, EPU and PC  
On file with Clerk - Master Agreement for STRTP Services  
On file with Clerk - Agreement with CSBH  
On file with Clerk - Agreement with CYS  
On file with Clerk - Agreement with PC  
On file with Clerk - Agreement with JDT Consultants, Inc.  
On file with Clerk - Master Agreement for Child Welfare Youth  
On file with Clerk - Master Agreement for SRMH Services  
On file with Clerk - Agreement with MHS  
On file with Clerk - Master Agreement for Cultural Specific Services

CAO ANALYST:

Ronald Alexander