



Board Agenda Item 31

DATE: August 10, 2021

TO: Board of Supervisors

SUBMITTED BY: Dawan Utecht, Director, Department of Behavioral Health

SUBJECT: Retroactive Amendment to Master Agreement for Inpatient Psychiatric Hospital Services

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute retroactive Amendment III to Master Agreement No. 18-250, to increase the annual maximums for out-of-county inpatient psychiatric services and update insurance language, effective February 1, 2021 with no change in term of July 1, 2017 to June 30, 2023 and increasing the maximum by \$16,500,000 to a total of \$47,000,000.

Approval of the recommended action will increase the annual contract maximum in Master Agreement No.18-250 for FYs 2020-21 through 2022-23 to cover the costs associated with the addition of providers and increased demands for inpatient psychiatric services due to COVID-19 Pandemic. The increase will be funded with Medi-Cal and Behavioral Health Realignment funds, with no increase in Net County Cost. This item is countywide.

ALTERNATIVE ACTION(S):

There is no viable alternative action. If your Board does not approve the recommended action to increase the annual contract maximum, the Department of Behavioral Health would not have the ability to contract with additional contractors and pay for mandated services through this established agreement. In addition, the seriously and persistently mentally ill individuals would not receive the services they require in a timely manner, leaving mentally ill individuals without adequate services.

RETROACTIVE AGREEMENT:

The recommended amendment is retroactive to February 1, 2021 to increase spending authority. Due to the COVID-19 Pandemic, the Department is experiencing an unforeseen uptick in the volume of services and spending for this contract.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. The recommended amendment will increase the maximum compensation amount to \$47,000,000; a \$16,500,000 increase based on anticipated usage increases during FYs 2020-21 through 2022-23. The amendment will be financed with Medi-Cal and Behavioral Health Realignment funds. Sufficient appropriations and estimated revenues are included the Department's Org 5630 FY 2020-21 Adopted Budget and will be included in future budget requests for the duration of the agreement. Total expenditures will be based on actual length of stay in the licensed facilities.

DISCUSSION:

On May 21, 2013, your Board approved Agreement No. 13-283 with the California Department of Health Care Services (DHCS), establishing the Department as the Mental Health Plan (MHP) for the County's Medi-Cal Beneficiaries. The responsibilities include ensuring county beneficiaries 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 beneficiaries, 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 \$100,000 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. Master Agreement No. 18-250 also allows the Department's Director, or designee, to add and/or delete providers as necessary.

On May 14, 2019 and August 6, 2019, your Board approved Amendments I and II, respectively, to Master Agreement No. 18-250, to increase the annual contract maximum for each fiscal year. After further review of the annual contract maximums, the Department has determined the need to request additional funding in consideration of many factors that are out of the Department's control including:

- A) COVID-19 Pandemic resulting in a steady increase of county individuals requiring emergency psychiatric services at local emergency rooms (ER).
- B) Requirement to provide mandated services.
- C) Responsibility to pay for acute psychiatric inpatient hospital services provided in an institution for mental disease (Information Notice No: 18-008 - see Attachment A);
- D) Title 9, California Code of Regulations (CCR), section 1820.225 does not require a hospital to obtain prior Mental Health Plan (MHP) payment authorization for an emergency admission, whether voluntary or involuntary when medical necessity is met.
- E) Receiving late invoices from providers.
- F) New providers needing to be added to the contract, which is a benefit as it helps with management of quality of care.
- G) Treatment Authorization Request (TAR), which is a Medi-Cal invoice approval process, primarily used for psychiatric inpatient stays, being received by the Department's Managed Care Office post referral.

Historically, the Department has taken a more conservative approach in projecting financially for this contract. However, in taking into consideration the above-mentioned factors, the Department requests approval of the recommended amendment to prevent negative impacts to individuals receiving necessary behavioral health services as a result of lapses in service and decreased resources.

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. The recommended amendment will help the Department accomplish its intended goals by providing increased funding for the addition of inpatient psychiatric facilities as needed without returning to your Board.

OTHER REVIEWING AGENCIES:

The Behavioral Health Board was notified of the recommended amendment at the April 21, 2021 meeting.

REFERENCE MATERIAL:

BAI #30, August 6, 2019

BAI #23.1, May 14, 2019

BAI #33, May 8, 2018

BAI #40, June 6, 2017

BAI #46, May 21, 2013

ATTACHMENTS INCLUDED AND/OR ON FILE:

Attachment A

On file with Clerk - Amendment III to Master Agreement No. 18-250

CAO ANALYST:

Sonia M. De La Rosa