



Board Agenda Item 46

DATE: June 24, 2025

TO: Board of Supervisors

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

SUBJECT: Agreements for State Mandated Inpatient Psychiatric Hospital Services

RECOMMENDED ACTION(S):

1. Under Administrative Policy No. 34 for competitive bids or requests for proposals (AP 34), determine that an exception to the competitive bidding requirement under AP 34 is satisfied and a suspension of competition is warranted due to unusual or extraordinary circumstances for the agreements listed within recommended actions two through five due to the non-competitive/emergency nature of inpatient psychiatric hospital referrals;
2. Approve and authorize the Chairman to execute a Master Agreement for inpatient psychiatric hospital services, effective July 1, 2025, not to exceed five consecutive years, which includes a three-year base contract and two optional one-year extensions, total not to exceed \$140,000,000;
3. Approve and authorize the Chairman to execute an Agreement with BHC Sierra Vista Hospital for inpatient psychiatric hospital services, effective July 1, 2025, not to exceed five consecutive years, which includes a three-year base contract and two optional one-year extensions, total not to exceed \$25,000,000;
4. Approve and authorize the Chairman to execute an Agreement with BHC Heritage Oaks Hospital for inpatient psychiatric hospital services, effective July 1, 2025, not to exceed five consecutive years, which includes a three-year base contract and two optional one-year extensions, total not to exceed \$17,500,000;
5. Approve and authorize the Chairman to execute an Agreement with UHS of Madera dba River Vista Behavioral Health for inpatient psychiatric hospital services, effective July 1, 2025, not to exceed five consecutive years, which includes a three-year base contract and two optional one-year extensions, total not to exceed \$85,000,000; and
6. Approve and authorize the Chairman to execute Amendment No. 2 to Agreement with UHS Madera, Inc. dba River Vista Behavioral Health, for inpatient psychiatric hospital services, effective upon execution with no change to the term of July 1, 2023, through June 30, 2025, and increasing the maximum compensation by \$1,500,000 to a total of \$25,300,000.

There is no additional Net County Cost associated with the recommended actions. Approval of the recommended actions one through five will allow the Department of Behavioral Health (DBH) to contract with hospitals to provide inpatient psychiatric beds and care to individuals with high acuity mental health needs. The Department, in its role as the County Behavioral Health Plan (BHP), is obligated to provide and reimburse for inpatient psychiatric hospital services and approval of the recommended actions will ensure the Department remains in compliance with Department of Health Care Services (DHCS). Recommended action six will increase the maximum compensation for existing agreement A-23-312 due to higher-than-expected utilization for Fiscal Year 2024-25. This item is countywide.

ALTERNATIVE ACTION(S):

There are no viable alternative actions. Should your Board not approve the recommended actions, the Department will not be able to access Inpatient Psychiatric Hospitals for persons served in need of this level of care.

SUSPENSION OF COMPETITION/SOLE SOURCE CONTRACT:

It is requested that the County find under AP 34 that an exception to the competitive bidding requirement is satisfied, and a suspension of competition is warranted due to unusual or extraordinary circumstances due to Inpatient Psychiatric Hospital services being mandated by DHCS for counties to provide the services and pay hospitals for them for persons served with Medi-Cal. Additionally, the Department does not have control over the referral process to the hospitals by local emergency departments. The General Services Department - Purchasing concurs with the Department's assessment that this satisfies the exception to the competitive bidding process required by AP 34.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The maximum compensation of the Master Agreement (\$140,000,000), BHC Sierra Vista Hospital (\$25,000,000), BHC Heritage Oaks Hospital (\$17,500,000), and UHS of Madera (\$85,000,000) are funded with Mental Health Realignment. The recommended increase to the maximum compensation for Agreement No. A-23-312 will increase the maximum compensation by \$1,500,000 to a total of \$25,300,000 for Fiscal Year 2024-25. Sufficient appropriations and estimated revenues are included in DBH's Org 5630 FY 2024-25 Adopted Budget and FY 2025-26 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:**DHCS Mental Health Plan/Behavioral Health Plan Agreement Background**

On October 11, 2022, the Board approved the California Department of Health Care Services (DHCS) Agreement No. 22-452 (State agreement #22-20101) to continue to operate the Fresno County Mental Health Plan (FCMHP) in accordance with all applicable Federal and State laws. The responsibilities include ensuring persons served have access to medically necessary mental health services within and/or outside of the County including inpatient psychiatric hospital services in accordance with Welfare and Institutions Code (WIC) Division 5, Title 42 Code of Federal Regulations, and Title 9 of California Code of Regulations (CCR) Chapter 11 commencing with Section 1810.100.

On January 7, 2025, your Board approved Agreement No. 25-008 (State agreement#24-40134) with DHCS, establishing the Department as the Behavioral Health Plan (BHP) for the County's Medi-Cal and Drug Medi-Cal Organized Delivery System persons served. This agreement continues the responsibilities discussed above for inpatient psychiatric hospital services.

Inpatient psychiatric hospital services include both acute inpatient psychiatric hospital services and administrative day services. All services are approved through a third party to ensure the services meet medical necessity, per 42 C.F.R., § 438.210(b)(1). BHPs are required to reimburse for these services for individuals between the ages of 22-65 in Institutions for Mental Disease (IMD) which includes these hospitals. These required services are not reimbursable from Medi-Cal/Medicaid for the persons in the age group of 21-64 due to the Medicaid IMD exclusion. The IMD exclusion is a long-standing policy under Medicaid that prohibits the federal government from providing federal Medicaid funds to states for services rendered to certain Medicaid-eligible individuals who are receiving services in IMDs (§1905(a)(30)(B) of the Social Security Act [SSA]).

Inpatient Psychiatric Hospital Master Agreement Background

On June 20, 2023, the Board approved Master Agreement No. 23-309 to contract with Inpatient Psychiatric Hospitals whose service costs may exceed the \$200,000 maximum payable by the General Services Department - Purchasing Division Manager to non-contracted inpatient psychiatric hospitals rendering them unpayable under the expedited process approved on May 23, 2023.

On May 7, 2024, the Board amended Agreement No. 23-309 to add Sacramento Behavioral Health Hospital, LLC. (Agreement No. 24-206).

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. In Fiscal Year 2023-2024, a total of 1,179 persons served received psychiatric inpatient services with a combine total of 11,000 days of stay.

Recommended action two will allow the Department to continue to provide Inpatient Psychiatric Hospital services through a Master Agreement. 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 Article 13, Section B of the Agreement.

Universal Health Services Agreement Background

Three hospitals that are under the umbrella organization Universal Health Services (UHS) have requested one-to-one agreements with the County for these services rather than signing onto the Master Agreement. The Department made the decision to split these agreements into three one-to-one agreements in order to continue contracting with these hospitals.

On June 20, 2023, the Board approved Agreement No. 23-310 with BHC Sierra Vista, Agreement No. 23-311 with BHC Heritage Oaks, and Agreement No. 23-312 with UHS of Madera.

On April 23, 2024, the Board approved Amendment No. 1, Agreement No. 24-188, to Agreement No. 23-311 with BHC Heritage Oaks, to adjust the scope of work and rates.

On May 21, 2024, the Board approved the Amendment No. 1, Agreement No. 24-220, to Agreement No. 23-310 with BHC Sierra Vista, to adjust the scope of work and rates.

On April 22, 2025, your Board approved Amendment No. 1, Agreement No. 25-149, to Agreement No. 23-312 with UHS of Madera, to modify scope of work and rates exhibit to include Administrative Day Rates as outlined in Agreement and set by DHCS.

BHC Sierra Vista: In Fiscal Year 2023-2024, a total 182 persons served received psychiatric inpatient services. These persons served stayed for a combined total of 2,147 days.

BHC Heritage Oaks: In Fiscal Year 2023-2024, a total of 125 persons served received psychiatric inpatient services. These persons served stayed for a combined total of 1,473 days.

UHS of Madera: In Fiscal Year 2023-2024, a total of 296 persons served received psychiatric inpatient services. These beneficiaries stayed for a combined total of 3,698 days.

Recommended actions three through five will allow the Department to continue to provide Inpatient Psychiatric Hospital services through agreements with hospitals with high referral rates who have chosen not to sign on to the Master Agreement. 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 Article 13, Section B of the Agreement.

Amendment to Increase Contract Maximum of A-25-149

The recommended amendment will increase the contract maximum of A-25-149 (Amendment No. 1 to A-23-312) with UHS of Madera, Inc dba River Vista Behavioral Health by \$1,500,000 to a total of \$25,300,000 to have sufficient funds to reimburse for Inpatient Psychiatric Hospital Services through FY 2024-25. The monthly trends vary with an average of \$1,644,936 per month and highest month averages \$1,782,270. The services provided by Inpatient Psychiatric Hospitals have historically been unpredictable. The increase in maximum compensation will allow the Department to reimburse for mandatory services. Actual costs will be determined by actual services provided.

OTHER REVIEWING AGENCIES:

The Behavioral Health Board was notified of the Agreements during the May Behavioral Health Board meeting.

REFERENCE MATERIAL:

BAI #29, April 22, 2025
BAI #18, January 7, 2025
BAI #30, May 21, 2024
BAI #32, May 7, 2024
BAI #,34 April 23, 2024
BAI #48, June 20, 2023
BAI #23, October 11, 2022

ATTACHMENTS INCLUDED AND/OR ON FILE:

Suspension of Competition Acquisition Request Form - Master Agreement
Suspension of Competition Acquisition Request Form - BHC Sierra Vista
Suspension of Competition Acquisition Request Form - BHC Heritage Oaks
Suspension of Competition Acquisition Request Form - UHS of Madera
On file with Clerk - Master Agreement
On file with Clerk - Agreement with BHC Sierra Vista
On file with Clerk - Agreement with BHC Heritage Oaks
On file with Clerk - Agreement with UHS of Madera
On file with Clerk - Amendment No. 2 to UHS of Madera

CAO ANALYST:

Ron Alexander