



Board Agenda Item 30

DATE: August 6, 2019

TO: Board of Supervisors

SUBMITTED BY: Dawan Utecht, Department of Behavioral Health

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

RECOMMENDED ACTION:

Approve and authorize the Chairman to execute retroactive Amendment II to Master Agreement A-18-250 for out-of-county inpatient psychiatric services effective September 1, 2018 with no change in term to June 30, 2023 and increasing the maximum by \$21,500,000 to a total of \$30,500,000.

Approval of the recommended action will increase the annual contract maximum in Master Agreement A-18-250 for Fiscal Year (FY) 2018-19 and each subsequent 12-month period through FY 2022-23 to cover the costs associated with the addition of providers and increased demands for inpatient psychiatric services.

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 County 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 September 1, 2018 due to the need for a mechanism to reimburse the out-of-county inpatient psychiatric hospitals that provided services to Medi-Cal and non-Medi-Cal recipients in the prior fiscal year.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. The cost of the recommended Amendment will increase the maximum compensation amount to \$30,500,000; a \$21,500,000 increase based on anticipated usage increases during FY 2018-19 and each subsequent 12-month period of the Master Agreement. Sufficient appropriations and estimated revenues will be available in the Department's Org 5630 FY 2019-20 Recommended 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. The Amendment will be financed with Medi-Cal and Mental Health Realignment funds.

DISCUSSION:

On May 21, 2013, your Board approved agreement No. A-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 beneficiaries have access to medically necessary mental health services provided within 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. A-18-250 to contract with Inpatient Psychiatric Hospitals whose service costs may exceed the \$100,000 maximum payable by Internal Services - Purchasing to non-contracted inpatient psychiatric hospitals rendering them unpayable under the expedited process approved on June 6, 2017. The 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, your Board approved Amendment I to the Master Agreement No. A-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 Departments control including:

- A) The requirement of having to provide mandated services.
- B) County's responsibility to pay for acute psychiatric inpatient hospital services provided in an institution for mental disease (Information Notice No: 18-008 - attached);
- C) 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.
- D) Receiving late invoices from providers.
- E) New providers needing to be added to the contract which is a benefit as it helps with management of quality of care.
- F) The Department has noticed a steady increase of Fresno County clients requiring emergency psychiatric services at local emergency rooms (ER).
- G) Treatment Authorization Request (TAR) which is a Medi-Cal invoice approval process, primarily used for psychiatric inpatient stays, are being received by the Manage 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 that have played out, the Department requests approval of the recommended actions to prevent negative impacts to clients 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 Fresno County residents in need of inpatient psychiatric care. The recommended Amendment to Master Agreement A-18-250 will help the Department accomplish its intended goals with the Master Agreement by providing increased funding for the addition of additional inpatient psychiatric facilities as needed without returning to your Board. In addition, the funding increase provided by the recommended Amendment would provide funding to reimburse currently contracted inpatient psychiatric facilities for costs associated with services previously rendered to adults with severe and persistent mental health conditions as required by WIC.

OTHER REVIEWING AGENCIES:

The Behavioral Health Board was notified of the recommended Amendment at the July 17, 2019 meeting.

REFERENCE MATERIAL:

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:

On file with Clerk - Amendment II to Master Agreement No. A-18-250
On file with Clerk - Information Notice No: 18-008

CAO ANALYST:

Ron Alexander