



# Board Agenda Item 45

DATE: June 4, 2019

TO: Board of Supervisors

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

SUBJECT: Retroactive Amendments to Various Substance Use Disorder Agreements

RECOMMENDED ACTION(S):

- 1. Approve and authorize the Chairman to execute retroactive Amendment I to Master Agreement No. 18-694 for Substance Use Disorder Youth Treatment Services, effective January 1, 2019, with no change in term to June 30, 2023 and decreasing the maximum compensation by \$513,333 to a total of \$5,536,611.**
- 2. Approve and authorize the Chairman to execute retroactive Amendment I to Agreement No. 18-622 with Mental Health Systems, Inc., for Substance Use Disorder and Mental Health Services for Incarcerated and Justice-Involved Youth, effective November 1, 2018, with no change in term to June 30, 2023 and increasing the maximum compensation by \$513,333 to a total of \$4,713,333.**
- 3. Approve and authorize the Chairman to execute retroactive Amendment I to Agreement No. 18-696 with Promesa Behavioral Health Inc. for rural substance use disorder services, effective January 1, 2019, with no change in term to June 30, 2021 and increasing the maximum compensation by \$175,000 to a total of \$695,000.**

Approval of the first and second recommended actions will allow for the reallocation of underutilized funds assigned to the youth outpatient substance use disorder (SUD) treatment program under Agreement No. 18-694 to the SUD treatment for justice-involved youth program under Agreement No. 18-622 where increased funding is needed to cover program costs not reimbursed by other funding sources; services are funded with Substance Abuse Prevention and Treatment (SAPT) Block Grant monies with no increase in Net County Cost.

Approval of the third recommended action will allow Promesa Behavioral Health (Promesa) to support expansion of its telehealth program to rural areas of Sanger, Orange Cove, and others as needs arise. There is no additional Net County Cost associated with the recommended action

ALTERNATIVE ACTION(S):

If the first and second recommended actions are not approved, MHS will be unable to sustain the outpatient component of the SUD treatment program for justice-involved youth who are not eligible for Medi-Cal benefits. These youth will be deprived of medically necessary services and may suffer negative consequences as a result.

If the third recommended action is not approved, Promesa will not be able to sustain expansion of its SUD

program in additional rural areas. Beneficiaries of rural areas needing medically necessary treatment will be required to travel to the greater Fresno area to receive these services.

RETROACTIVE AGREEMENT:

The first recommended amendment is retroactive to January 1, 2019. The second recommended amendment is retroactive to November 1, 2018. Per the RFP for Agreement 18-622, reimbursement for justice-involved outpatient services was intended to be rate-based with additional gap funding to cover operational costs. When the JDC and PROPS program services provided by Mental Health Systems, Inc. was added to the YTS agreement (Agreement No. 18-694) after execution of the Mental Health Services, Inc. Agreement (Agreement No. 18-622), this resulted in Mental Health Systems, Inc. not receiving the gap funding to which both parties had agreed. These two actions allow the correction of that error and allow Mental Health Systems, Inc. to be fully reimbursed for SUD services provided to justice-involved youth under the terms of the contracts as intended. This will allow MHS to continue to provide medically necessary outpatient services to justice-involved youth.

The third recommended Amendment is retroactive to January 1, 2019, to cover costs incurred by the expansion of SUD services at additional rural sites. The proposed amendment will also grant Promesa additional funds needed to sustain its program as it continues to expand.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. Recommended actions one and two will allow for reallocation of SAPT funds in the amount of \$513,333 from Master Agreement No. 18-694 to Agreement No. 18-622 as detailed in attachment A. Recommended action three will increase the annual compensation of Agreement No. 18-696 from \$120,000 to \$295,000 (\$175,000) in FY 2018-19 using Mental Health Realignment funds. Sufficient appropriations and estimated revenues are available in the Department's Org 5630 FY 2018-19 Adopted Budget and will be included in future fiscal year budget requests for the balance of the term.

DISCUSSION:

On November 6, 2018, the Board executed Agreement No. 18-622 with MHS for SUD treatment services to incarcerated and justice-involved youth. MHS was also contracted to provide youth outpatient services under Youth Treatment Services (YTS) Master Agreement No. 18-694 and receives an annual allocation under that agreement. The current YTS Master Agreement was executed on December 11, 2018 in order to align with DMC-ODS requirements and supersedes YTS Master Agreement No. 18-293. Adding MHS's JDC and PROPS services allocation into the YTS Master Agreement had the unintended consequence of eliminating the gap funding that had been agreed upon in Agreement No. 18-622. A review of MHS's outpatient program for this population determined that the program operates at a substantial loss and will be unsustainable without the supportive funding that was offered in Request for Proposal (RFP) No. 18-042 for Substance Use Disorder and Mental Health Treatment Services for Incarcerated and Post-Release Youth, which was incorporated into Agreement Number 18-622. In the interest of compensating MHS for the necessary outpatient SUD services for justice-involved youth, as previously agreed, and keeping the services under a single agreement, the recommended actions re-allocate the funds from the YTS Master Agreement No. 18-694 to Agreement No. 18-622 with MHS for services to incarcerated and justice-involved youth. MHS will be reimbursed for actual costs incurred for the operation of the program as was originally agreed.

On April 4, 2017, the Board executed Agreement No. 17-121 with Promesa to provide outpatient SUD services via telehealth to rural areas. Under this agreement, Promesa provided services to five rural sites: Huron, Coalinga, Mendota, Kerman and Firebaugh. The Department has since opted in to the DMC Organized Delivery System (ODS) Pilot Program that offered an expansion to SUD services providing access to a full continuum of SUD benefits modeled after the American Society of Addiction Medicine

criteria. On December 11, 2018, the Board executed superseding Agreement No. 18-696 to replace Agreement No. 17-121 with Promesa in order to align with DMC-ODS requirements. Promesa identified a need to expand services to Orange Cove, Sanger, Fowler, Parlier, and Squaw Valley, areas with limited or no current access to SUD services during contract negotiations. Promesa has since secured sites in Orange Cove and Sanger. Initial costs for the expansion were underestimated at the time of contract negotiations. The recommended amendment will support the expansion by increasing the maximum compensation by \$175,000 to a total of \$295,000 for the six-month term of January 1, 2019 through June 30, 2019. This will be used for salaries and benefits for two additional lead counselors and three counselors, equipment, office supplies and other costs. Drug Medi-Cal (DMC) and SAPT funds will be utilized to offset Behavioral Health Realignment funds. DBH will be working with Promesa to become fully sustainable with DMC and SAPT funds by 2021. The Department will reimburse Promesa for actual costs incurred for the operation of the program.

REFERENCE MATERIAL:

BAI #30, April 4, 2017  
BAI #43, June 20, 2017  
BAI #30, November 6, 2018  
BAI #34, December 11, 2018

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Amendment I to agreement 18-694  
On file with Clerk - Amendment I to agreement 18-622  
On file with Clerk - Amendment I to agreement 18-696  
On file with Clerk - Attachment A

CAO ANALYST:

Ron Alexander