



Board Agenda Item 26

DATE: April 11, 2023
TO: Board of Supervisors
SUBMITTED BY: Susan L. Holt, LMFT, Director of Behavioral Health
SUBJECT: Retroactive Amendment V to Master Agreement for Inpatient Psychiatric Hospital Services

RECOMMENDED ACTION(S):

1. **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 as all qualified, licensed and interested vendors may be added to the Master Agreement subject to Board approval; and**
2. **Approve and authorize the Chairman to execute retroactive Amendment V to Master Agreement to**
 - a) **allow BHC Fremont Hospital, Inc, Bakersfield Behavioral HealthCare Hospital, LLC, Aurora Vista Del Mar, LLC to bundle psychiatrist/professional services or bill them per minute based on new guidance from the Department of Health Care Services, effective upon execution, and**
 - b) **allow SJBH, LLC to bundle psychiatrist/professional services or bill them per minute based on new guidance from the Department of Health Care Services, effective July 1, 2022, and**
 - c) **add the following vendors to the agreement:**
 - **BHC Heritage Oaks Hospital effective July 1, 2022**
 - **BHC Sierra Vista Hospital effective July 1, 2022**
 - **Aurora Behavioral Healthcare - Santa Rosa, LLC effective November 1, 2022**

Said amendments and additions are effective as stated above with no change to the Master Agreement term of May 8, 2018 through June 30, 2023, or compensation maximum of \$47,000,000

There is no additional Net Count Cost associated with the recommended actions, which will allow the Department to increase its network of care by adding three Inpatient Psychiatric Hospitals to this agreement and allow hospitals to bill professional services based on new DHCS guidance. This item is countywide.

ALTERNATIVE ACTION(S):

There is no viable alternative action. If your Board does not approve the recommended actions, the Department will not be able to add these essential hospitals to serve a very sensitive population and will not be able to allow hospitals to bundle professional services, which is a barrier to contracting with these facilities.

SUSPENSION OF COMPETITION/SOLE SOURCE CONTRACT:

The Department's request to waive the competitive bidding process is consistent with Administrative Policy No. 34 due to the non-competitive nature of the Master Agreement. All qualified, licensed and interested vendors may be added to the Master Agreement, subject to Board approval, to meet the Department's placement needs as assessed by clinical staff and in accordance with all terms and conditions specified in the contract (including all credentialing and compliance requirements). The Internal Services Department - Purchasing concurs with the Department's request to waive the competitive bidding process.

RETROACTIVE AGREEMENT:

The recommended amendment is retroactive to July 1, 2022 to add BHC Sierra Vista and BHC Heritage Oaks and November 1, 2022 to add Aurora Behavioral Healthcare - Santa Rosa, LLC. to allow the Department to pay for services rendered during this period while the Department confirmed DHCS's stance on professional service billing.

Pending invoice amount:

BHC Sierra Vista: \$905,832.00
BHC Heritage Oaks: \$143,913.00
Aurora Santa Rosa: \$44,550.00

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. Approval of the recommended amendment will not change the maximum compensation of \$47,000,000 for the term of May 8, 2018 through June 30, 2023. The agreement is funded with Behavioral Health Realignment. Sufficient appropriations and estimated revenues are included in the Department's Org 5630 FY 2022-23 Adopted Budget and will be included in future budget requests.

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 persons served. The responsibilities include ensuring county persons served 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 persons served, 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 \$200,000 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.

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.

On October 11, 2022 the Department executed Amendment IV, or A-22-450, to align with guidance by DHCS requiring hospitals to bill for psychiatric/professional service fees per minute (actual time spend with

a psychiatrist). This decision was questioned by several hospitals currently on the Master Agreement. These hospitals were removed from the agreement as they did not agree to the amendment terms. Upon further investigation by the Department additional guidance was received, on February 6, 2023, stating that Counties may allow hospitals to determine how they would prefer to bill psychiatrist/professional services with the following options:

Option 1 - Bundle Rate; Daily Bed Rate + Professional Fees (negotiated rate) with no additional claiming and no service/minutes documented, **or**

Option 2 - Inpatient Psychiatric Hospital to bill solely for the Daily Bed Rate; Psychiatrist/Psychologist etc. providing professional services will submit a claim form (837) separate from Inpatient Psychiatric Hospital. Professional services claims submitted must have documentation in notes (services and minutes of service).

Previously, the Director was authorized to add vendors per the original master agreement and agenda item; however, County Counsel has recently determined that adding and deleting vendors must go before the Board for approval. These vendors are memorialized in the current Amendment I. Hospitals previously removed from the agreement are being re-added via this amendment.

This amendment also updates required insurance, data security, and indemnity requirements to match the new Service Agreement language.

All providers have set rates aligning with the guidance above.

OTHER REVIEWING AGENCIES:

The Behavioral Health Board was notified of the recommended amendment at the March 2023 meeting.

REFERENCE MATERIAL:

BAI# 21, October 11, 2022
BAI #31, August 24, 2021
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:

On file with Clerk - Amendment V to Master Agreement No. 18-250
Suspension of Competition

CAO ANALYST:

Ronald Alexander