



Board Agenda Item 50

DATE: December 9, 2025

TO: Board of Supervisors

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

SUBJECT: Retroactive Memorandum of Understanding with California Mental Health Services Authority (CalMHSA) and Department of State Hospitals

RECOMMENDED ACTION(S):

1. **Approve and authorize the Chairman to execute a retroactive Memorandum of Understanding with the California Department of State Hospitals and the California Mental Health Services Authority for the purchase of state psychiatric hospital beds on behalf of the County, effective July 1, 2025 through June 30, 2027 (\$4,700,000);**
2. **Adopt Budget Resolution increasing the FY 2025-26 appropriations for the Department of Behavioral Health Org 5245 in the amount of \$1,700,000 (4/5 vote); and**
3. **Adopt Budget Resolution increasing the FY 2025-26 appropriations and estimated revenue for Department of Behavioral Health Org 5630, in the amount of \$1,700,000 (4/5 vote).**

Approval of the first recommended action will authorize a two-year Memorandum of Understanding (MOU) with the California Mental Health Services Authority (CalMHSA) and the California Department of State Hospitals (DSH) for the purchase of psychiatric hospital beds for County residents, retroactive to July 1, 2025. The second and third recommended actions will increase appropriations and estimated revenues to the Department of Behavioral Health Orgs 5245 and 5630. Pursuant to Welfare & Institutions Code (W&IC), section 5000 and following, the MOU will provide mandated beds and services for Lanterman-Petris Short (LPS) conservatees who are gravely disabled mentally ill persons served, as ordered by the Fresno County Superior Court. The MOU will be funded with Mental Health Realignment funds. This item is countywide.

ALTERNATIVE ACTION(S):

There are no viable alternatives. Should your Board not approve the recommended actions, the Department will be out of compliance with W&IC section 5600, as counties are mandated to provide an array of treatment options for adults with severe mental illness, including 24-hour treatment services at locked inpatient psychiatric hospitals for LPS conservatees who are gravely disabled. If the County does not agree to participate in the DSH/CalMHSA Memorandum of Understanding, the Department will not have a payment mechanism to reimburse DSH for the use of DSH Hospital beds and services provided to County persons served as required by W&IC section 4330.

RETROACTIVE AGREEMENT:

The recommended MOU is retroactive to July 1, 2025, and is being brought to your Board on the earliest possible date in accordance with the agenda item processing timelines. The Department received the approved MOU from CalMHSA/DSH on April 23, 2025. Efforts to obtain necessary utilization and payment

detail from DSH resulted in delays in the processing of fiscal projections for this MOU. Additionally, the new MOU included a significant increase in bed allocations from the previous two (2) beds to the current allocation of eleven (11) beds. Upon review, it was determined that this item required a budget revision and development of two accompanying resolutions alongside the MOU. During this period while the MOU and its accompanying items were finalized, County persons served continued to receive mandated services through DSH. Without an MOU in place retroactively effective to July 1, 2025, the Department would not have a valid payment mechanism to reimburse DSH for said services.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. Adoption of the second and third recommended actions will increase FY 2025-26 appropriations for the 1991 Realign-Behavioral Health Org 5245 in the amount of \$1,700,000 to fund the increased maximum compensation associated with the DSH MOU. The maximum compensation allocated for the MOU with CalMHSA and DSH for FY 2025-26 is \$2,310,000 and for FY 2026-27 is \$2,390,000; total compensation for both fiscal years is \$4,700,000. The cost of the MOU is based upon a dedicated bed rate structure. The cost is based on amounts provided to the California State Controller's Office per the County Actual Use statement reflecting actual bed usage by the County. The MOU is fully offset with Mental Health Realignment funds. Sufficient appropriations and estimated revenues will be included in the Department FY 2026-27 Recommended Budget.

DISCUSSION:

Pursuant to W&IC, section 5600, counties are mandated to provide an array of treatment options for adults with severe mental illness, including 24-hour treatment services at locked inpatient psychiatric hospitals for LPS conservatees who are gravely disabled, as ordered by the court. W&IC, sections 4330-4335 establish the process by which counties contract with DSH for a specified number of hospital beds, services, and the reimbursement method.

On September 14, 2010, the Board approved Agreement No. 10-489 with CalMHSA, authorizing the Department to join the CalMHSA Joint Powers Agreement (JPA), to develop, implement, administer, and provide fiscal oversight of Mental Health Services Act - Prevention and Early Intervention statewide projects. The County has received membership benefits including cost reductions and the related efficiencies of sharing resources and knowledge.

On June 18, 2013, the Board approved Amendment I to Agreement No. 10-489, which broadened the scope including the authority to jointly contract with other counties for state hospital beds and services. The amendment was a product of the Department's JPA membership and delineated that CalMHSA is an administrative agent for the County.

On November 28, 2023, the Board approved retroactive Agreement No. 23-630 with CalMHSA and DSH for the provision of state hospital placement and services for adults with severe mental health illness that require a level of care within a locked facility.

With your Board's approval of the recommended MOU, the County may continue to utilize state psychiatric hospital placement and services for adults with severe mental health illness that require a higher level of care within a locked facility. DSH provides LPS hospital services to persons referred by the County specifically for services under the Purchase of State Hospital Beds MOU, including those admitted pursuant to Section 1370.01 of the Penal Code and a Murphy Conservatorship [W&IC, section 5008(h)(1)(B)]. Services include, but are not limited to, psychiatric and ancillary services, health care, expert testimony, and therapy. Department staff closely monitor each person served at the state hospital level and as their mental health improves, placement staff transition them to less restrictive and less costly mental health facilities such as Mental Health Rehabilitation Centers and Skilled Nursing Facilities.

The recommended MOU with DSH and CalMHSA is retroactively effective from July 1, 2025. Additionally, the County was previously only allocated two beds; with the increase in bed allocation to eleven, the Department anticipates the utilization of these additional beds due to need. With your Board's approval of the recommended MOU, the state hospital bed rates for the period of July 1, 2025 through June 30, 2027, are as follows:

Fiscal Year 2025-2026

Acute \$790/bed/day
Intermediate Care Facility \$765/bed/day
Skilled Nursing Facility (SNF)
\$847/bed/day

Fiscal Year 2026-2027

Acute \$818/bed/day
Intermediate Care Facility \$792/bed/day
Skilled Nursing Facility (SNF)
\$876/bed/day

The recommended MOU varies from the standard County template as they were drafted by CalMHSA in coordination with DSH. The templates are utilized by CalMHSA to execute the MOU with different Counties and are consistent statewide. The MOU includes a mutual indemnity clause and does not include insurance requirements as is consistent for this MOU. The Department has determined the benefits of this MOU as written outweigh any potential risks and recommends approval of the MOU.

OTHER REVIEWING AGENCIES:

The Behavioral Health Board was notified of this recommended MOU at the November 2025 meeting.

REFERENCE MATERIAL:

BAI #50, November 28, 2023
BAI #30, May 11, 2021
BAI #57, June 18, 2013
BAI #39, September 14, 2010

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - MOU with CalMHSA and DSH
On file with Clerk - Budget Resolution (Org 5245)
On file with Clerk - Budget Resolution (Org 5630 - From Org 5245)

CAO ANALYST:

Ronald Alexander Jr.