



# Board Agenda Item 45

DATE: June 20, 2023

TO: Board of Supervisors

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

SUBJECT: Agreements to include State Mandated CalAIM Payment Structure Changes

RECOMMENDED ACTION(S):

1. **Approve and Authorize the Chairman to execute the following agreements with various contractors for California Advancing and Innovating Medi-Cal requirement updates including payment structure changes with no term extensions necessary, all effective July 1, 2023.**
  - a. **Master Agreement with Various Providers for Transitional Social Rehabilitation Program Services**
  - b. **Master Agreement with Various Providers for Full Service Partnership Services for Adults**
  - c. **Agreement with Exodus Recovery, Inc. for Housing Supportive Services**
  - d. **Master Agreement with Various Providers for Drug Medi-Cal Narcotic Treatment Program**
  - e. **Master Agreement with Various Providers for Drug Medi-Cal Outpatient Treatment Services**
  - f. **Master Agreement with Various Providers for Drug Medi-Cal Residential Treatment Services**
  - g. **Master Agreement with Various Providers for Non Drug Medi-Cal Residential Room and Board Services**
  - h. **Master Agreement with Various Providers for Non Drug Medi-Cal Residential Treatment**
  - i. **Master Agreement with Various Providers for Non Drug Medi-Cal Outpatient Treatment Services for Adults and Adolescents**
  - j. **Agreement with Kings View for Projects for Assistance in Transition from Homelessness (PATH) Services**
  - k. **Agreement with Turning Point of Central California, Inc. (Turning Point) for Forensic Continuum of Care Services**
2. **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 for funding to be transitioned from a terminating agreement with Turning Point to another agreement also with Turning Point that has years of experience providing similar services to the justice involved population.**

Approval of the first recommended action will allow the Department of Behavioral Health (DBH) to adhere to new Department of Health Care Services (DHCS) implemented California Advancing and Innovating Medi-Cal (CalAIM) regulations including Medi-Cal payment reform changes throughout the Behavioral Health System of Care. The first recommended action will allow for various current contractors to transition from an operational cost budget to a fee-for-service payment structure as well as to align with the CalAIM requirements. The recommended action will become effective on July 1, 2023, with no increase in Net County Cost. This item is county-wide.

The second recommended action will allow the DBH to transition funds received from the State for which

the services were previously provided for by one program but will now be provided for under a different contract with the same provider for similar services, requiring someone with experience with the justice involved population.

ALTERNATIVE ACTION(S):

There are no viable alternative actions. Should your Board not approve the recommended action, contracted services will be out of compliance with the new CalAIM regulations including the transition to a new Payment Reform payment structure as well as new regulations from the State, effective July 1, 2023.

SUSPENSION OF COMPETITION:

The recommended Agreement with Turning Point for the Forensic Continuum of Care Agreement No. 22-264 and 23-036 requires a Suspension of Competition. The existing County Agreement No. 20-341 with Turning Point for diversion services that is funded with Department of State Hospital (DSH) Diversion funds will sunset on June 30, 2023, upon expiration of its contract. DBH needs a treatment provider in order to utilize these non-competitive DSH funds in FY 2023-24, otherwise DBH will not be allowed to draw down these necessary funds. As Turning Point also operates the existing Forensic Continuum of Care program services and the scope of work is similar between the Diversion and the Continuum of Care services, DBH has determined it would be best suited for the Turning Point Forensic Continuum of Care agreement to absorb the remaining Diversion service responsibilities going forward. The Turning Point Forensic Continuum of Care agreement is the only justice specific program in the County's behavioral health system of care that provides the Assertive Community Treatment (ACT) and Full Service Partnership (FSP) level of care required for the diversion program services. Turning Point is also already familiar with the DSH Diversion data reporting requirements and working with the Mental Health Diversion Court. The Internal Services Department - Purchasing concurs with the Department's request to suspend the competitive bidding process.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. Attachment A includes the FY 2023-24 contract amounts, the maximum compensation amounts, and funding sources of each contract included herein.

Each of the contracts identified within this agenda item will be fully funded by existing funding sources including, but not limited to: Medi-Cal Federal Financial Participation, Mental Health Realignment funds, Mental Health Services Act (Community Services and Supports and/or Prevention and Early Intervention) and Substance Abuse Behavioral Health Grant (SABG) funds.

Sufficient appropriations and estimated revenues are included in the DBH's Org 5630 FY 2023-24 Recommended Budget and will be included in all future recommended budgets throughout the remainder of the contract terms.

DISCUSSION:

CalAIM is a long-term commitment to transform and strengthen Medi-Cal, offering Californians a more equitable, coordinated, and person-centered approach to maximizing their health and life trajectory. The three goals of CalAIM are: 1) identify and manage comprehensive needs through whole person care approaches and social drivers of health, 2) improve quality outcomes, reduced health disparities, and transform the delivery system through value-based initiatives, modernization, and payment reform, and 3) make Medi-Cal a more consistent and seamless system for enrollees to navigate by reducing complexity and increasing flexibility.

Under the CalAIM transformation effort, the County is required to change existing payment methods from

cost-based reimbursement to a fee-for-service (FFS) structure beginning July 1, 2023. DBH has existing agreements with various contractors that deliver specialty mental health services (SMHS) and drug Medi-Cal (DMC) services, and they each need to be superseded to include the new FFS payment structures along with other CalAIM related requirements and language updates for compliance.

DHCS set the County's rates which are inclusive of County's costs for administering the Medi-Cal services programs, submitting claims to the State, and other functions. It is the authority of DBH, as the Behavioral Health Plan, to set the rates that we will pay within our network of subcontracted providers.

DBH, in conjunction with the California Mental Health Services Authority (CalMHSA) - a Joint Powers of Authority (JPA) formed in 2009 by counties throughout the state to work on collaborative, multi-county projects - established rates after analysis of the market, risks to the County, and many other factors including rates for different modalities of services such as:

- Outpatient services - both specialty mental health services (SMHS) and substance use disorder (SUD) services under Drug Medi-Cal (DMC)
- Crisis stabilization services
- Inpatient psychiatric services
- 24-hour services (residential)
- Mobile crisis
- Inpatient psychiatric services
- Drug Medi-Cal Organized Delivery System (ODS) inpatient services
- Narcotic Treatment Program (NTP) services.

In addition to the changes in how subcontracted providers will be paid with the new fee-for-service (FFS) structure, some organizational providers will be eligible for one-time payments for transitional optimization, based on deliverables determined by DBH. These deliverables are listed in each contract's scope of work and the providers may opt in during the first quarter of FY 2023-24. These one-time funds will help providers with cashflow and will incentivize them to take prudent business actions necessary to be successful under the CalAIM Payment Reform.

The recommended agreements have updated contract language that removes the current cost-based reimbursement structures and associated language along with removal of related cost settlement language and replaces it with the required FFS payment structure and other associated language so DBH will be compliant with CalAIM requirements. The recommended actions will provide flexibility with payment structures to maintain the current service levels provided to the individuals served throughout the Behavioral Health System of Care.

The first recommended action allows for agreements that require payment reform changes only to their contract language and budgets from July 1, 2023 going forward.

- **Attachment A** includes information for 11 contracts which are being superseded with new contracts with modified language for Medi-Cal payment reform changes and includes: contractor name, services provided, Board agreement No. (including any related amendments), and maximum compensation for FY 2023-24.

Several agreements within the first recommended action include additional language within the modification clause of the agreements that allows the DBH Director, or designee, the authority to make changes to the agreement in order to accommodate changes in the law and/or to increase the rates during the course of the agreement(s). Additionally, the Master Agreements within the first recommended action also include language that grants authority to the DBH Director, or designee, to terminate the agreements with individual providers with mutual consent of the DBH Director and the Contractor.

The requested agreements will become effective July 1, 2023.

OTHER REVIEWING AGENCIES:

The Behavioral Health Board was informed of this agenda item and related supersede agreements and amendments at the May 17, 2023 meeting.

REFERENCE MATERIAL:

BAI #29, April 11, 2023  
BAI #28, April 11, 2023  
BAI #29, January 24, 2023  
BAI #20, January 3, 2023  
BAI #27, September 20, 2022  
BAI #30, August 24, 2021  
BAI #44, June 21, 2022  
BAI #39, May 25, 2021  
BAI #40, May 17, 2022  
BAI #34, May 3, 2022  
BAI #33, May 3, 2022  
BAI #32, March 23, 2021  
BAI #39, June 22, 2021  
BAI #26.1, September 22, 2020  
BAI #19, June 9, 2020  
BAI #38, May 26, 2020

ATTACHMENTS INCLUDED AND/OR ON FILE:

Attachment A  
Suspension of Competition  
On file with Clerk - Master Agreement for Transitional Social Rehabilitation Program Services  
On file with Clerk - Master Agreement for Adult Full Service Partnership  
On file with Clerk - Agreement with Exodus Recovery, Inc.  
On file with Clerk - Master Agreement for Drug Medi-Cal Narcotic Treatment Program  
On file with Clerk - Master Agreement for Drug Medi-Cal Outpatient Treatment  
On file with Clerk - Master Agreement for Drug Medi-Cal Residential Treatment  
On file with Clerk - Master Agreement for Non Drug Medi-Cal Residential Room and Board  
On file with Clerk - Master Agreement for Non Drug Medi-Cal Residential Treatment  
On file with Clerk - Master Agreement for Non Drug Medi-Cal Adult and Adolescent  
On file with Clerk - Agreement with KV  
On file with Clerk - Agreement with TPCC

CAO ANALYST:

Ronald Alexander