



Board Agenda Item 18

DATE: January 7, 2025

TO: Board of Supervisors

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

SUBJECT: Retroactive Agreement with the State Department of Health Care Services for the Fresno County Mental Health Plan and Drug Medi-Cal Organized Delivery System services as an Integrated Prepaid Inpatient Health Plan

RECOMMENDED ACTION(S):

- 1. Approve and authorize the Chairman to execute a retroactive revenue Agreement (State Agreement #24-40134) and associated Generative Artificial Intelligence Reporting and Factsheet with the California Department of Health Care Services for the provision of specialty mental health services and Drug Medi-Cal Organized Delivery System services as an integrated Prepaid Inpatient Health Plan, effective January 1, 2025 through December 31, 2026 (\$0); and**
- 2. Approve and authorize the Department of Behavioral Health Director, or designee, to be the signatory and act as the Fresno County representative on behalf of the Board of Supervisors on the associated integrated PIHP state agreement documents, with no change to the compensation amount or term.**

Historically the Department has received State and Federal revenue from the California Department of Health Care Services (DHCS) for the provision of specialty mental health services (SMHS) and substance use disorder (SUD) services under the Fresno County Mental Health Plan (FCMHP) and Drug Medi-Cal Organized Delivery System (DMC-ODS) to Fresno County Medi-Cal recipients with mental health conditions and substance use disorders as mandated by the California Code of Regulations Title 9, Chapter 11 commencing with Section 1810.100, Welfare and Institutions Code Division 5, and Title 42 Code of Federal Regulations. Approval of the recommended actions allows the Department to continue to provide and/or arrange for the provisions of SMHS and SUD services as an integrated Prepaid Inpatient Health Plan (PIHP) with no Net County Cost. This item is countywide.

It should be noted that DHCS provided the Generative Artificial Intelligence Reporting and Factsheet (GenAI) to the Department on October 25, 2024. DHCS required the Factsheet to be signed and submitted by November 1, 2024. To meet the deadline, the Department submitted the GenAI on November 1, 2024 as a placeholder until your Board approves and executes the form.

ALTERNATIVE ACTION(S):

Should your Board not approve the recommended action, the Department's ability to collect revenues from DHCS for SMHS and SUD services provided to County Medi-Cal recipients with mental health conditions and substance use disorders would be limited.

RETROACTIVE AGREEMENT:

The recommended agreement is retroactive to January 1, 2025. The finalized integrated agreement was received from DHCS on November 15, 2024 and is being brought to your Board in accordance with the agenda item processing timelines.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. The Department will be reimbursed on a fee-for-service basis for actual services rendered to persons served for SMHS and DMC-ODS. Federal Financial Participation (FFP) reimbursement for FY 2024-25 is estimated at \$103,772,019 for SMHS. This agreement will provide an additional \$209,216,883 in revenue for the Department; \$69,738,961 will be allocated annually for FYs 2024-25, 2025-26, and 2026-27 for DMC-ODS services. Sufficient appropriations and estimated revenues are included in the Departments Org 5630 FY 2024-25 Adopted Budget and will be included in subsequent budgets for the remainder of the contract term.

DISCUSSION:

The following discussion explains the history of the SMHS State Agreement with the County of Fresno.

On March 17, 1998, the Board first approved Agreements with DHCS (formerly known as the Department of Mental Health) to operate the FCMHP in accordance with all applicable Federal and State laws that continues the provision of SMHS under the FCMHP.

On September 11, 2018, the Board authorized the DHCS agreement 18-525 (State agreement #17-94581) to continue to operate the FCMHP in accordance with all applicable Federal and State laws. The Board approved Amendment 18-525-1 on March 22, 2022. Said agreement expired on June 30, 2022.

On October 11, 2022, your Board approved the DHCS Agreement 22-452 (State agreement #22-20101) to continue to operate the FCMHP in accordance with all applicable Federal and State laws.

On April 9, 2024, your Board approved Amendment I to Agreement No. 22-452 (State Agreement #22-20101) with DHCS for the FCMHP to modify the terms and conditions of the Agreement to comply with the updated Managed Care Final Rule. The amendment removed cost reporting requirements, modernize certain language, and refine service requirements to advance quality, equity, access, accountability, and transparency.

The following discussion explains the history of the SUD State Intergovernmental Agreement with the County of Fresno.

Since FY 1989-90, DHCS has contracted with the County to provide SUD treatment services. The DMC agreement with the DHCS provides both Federal and State funding to support SUD services for Fresno County residents. These funds allow the Department to continue contracting with DMC-certified providers to deliver treatment services to eligible residents.

On June 22, 2021, your Board approved State Agreement No. 21-10028, a new intergovernmental agreement with DHCS that continues the provision of SUD treatment services under the DMC-ODS.

On December 13, 2022, your Board approved Amendment A01 to State Agreement No. 21-10028. This amendment revised several agreement exhibits to add, remove, and/or update State requirements related to DHCS' Medi-Cal transformation efforts, known as California Advancing and Innovating Medi-Cal (CalAIM), with no changes in funding.

On November 7, 2023, your Board approved Amendment A02 to State Agreement No. 21-10028. This amendment revised several agreement exhibits to align with State requirements related to the CalAIM initiative including, but not limited to, provider screening, documentation requirements, oversight monitoring and various program integrity requirements.

On May 21, 2024, your Board approved Amendment A03 to State Agreement No. 21-10028. This amendment extended the terms of the agreement for an additional three years to administer SUD programs with contracted DMC-certified providers. Additionally, the maximum compensation amount for the full term of the agreement from FY 2021-22 through FY 2026-27 would increase from \$209,216,883 to a total of \$418,433,766.

Integrated SMHS and DMC-ODS Agreement

Due to DHCS' Behavioral Health Administrative Integration initiative, both the SMHS and DMC-ODS service agreements shall now be integrated into a single PIHP. SMHS and DMC-ODS are currently administered through separate, unique structures at the county level, which creates many challenges for members, counties, and providers. DHCS is requiring counties to combine the administration of SMHS and DMC-ODS services into one, integrated specialty behavioral health program by January 1, 2027.

On September 30, 2024, the Department opted to participate in early contract integration of both FCMHP and DMC-ODS to the PIHP which is effective January 1, 2025.

On October 25, 2024, DHCS issued letters to the Department for the cancellation of State Agreements No. 22-20101 and No. 21-10028 for SMHS and DMC-ODS services respectively effective December 31, 2024. SMHS and DMC-ODS services to Medi-Cal recipients will continue uninterrupted through the new integrated Intergovernmental Agreement 24-40134.

SMHS and DMC-ODS services that will continue to be funded by the recommended agreement and provided by the FCMHP and DMC-ODS include the following services:

- SMHS: mental health services, medication support services, day treatment intensive, day rehabilitation, crisis intervention, crisis stabilization, adult residential treatment, crisis residential treatment, psychiatric health facility services, intensive care coordination, intensive home-based services, therapeutic behavioral services, therapeutic foster care, psychiatric inpatient hospital, targeted case management, peer support services, and community-based mobile crisis intervention
- DMC-ODS: screening, brief intervention, referral to treatment and early intervention, withdrawal management services, intensive outpatient treatment, outpatient treatment, narcotic treatment programs, recovery services, care coordination, clinician consultation, medication for addiction treatment, residential treatment, peer support services, and contingency management services.

The Department must notify the State in writing if services or any work under this agreement includes, or makes available, any previously unreported GenAI technology. The Department shall immediately complete a GenAI Reporting and Factsheet to notify DHCS of any new or previously unreported GenAI technology. On November 1, 2024, the GenAI form required to be submitted to DHCS to initiate the contract process for the integrated agreement was signed by the Director of the Department as a place holder until your Board approves and executes the form.

With approval of the recommended actions, the Department will be able to continue to provide SMHS and DMC-ODS services under the integrated PIHP to the residents of the County.

In this Integrated Agreement there are several clauses that are not standard:

- The County is agreeing to indemnify DHCS for any intellectual property claims.
- The contract includes a dispute resolution process that must be followed before relief may be sought in a court of law.
- The Agreement contains a one-way termination clause favoring the state.

OTHER REVIEWING AGENCIES:

The Behavioral Health Board was made aware of the recommended agreement at its January 2025 meeting.

REFERENCE MATERIAL:

BAI #31, May 21, 2024
BAI #38, April 9, 2024
BAI #42, November 7, 2023
BAI #38, December 13, 2022
BAI #23, October 11, 2022
BAI #42, March 22, 2022
BAI #42, June 22, 2001
BAI #34, September 11, 2018

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - State Agreement #24-40134
On file with Clerk - GenAI Reporting and Factsheet

CAO ANALYST:

Ronald Alexander