



Board Agenda Item 28

DATE: April 4, 2017

TO: Board of Supervisors

FROM: Dawan Utecht, Director, Department of Behavioral Health

SUBJECT: Amendment to Master Agreement with licensed and credentialed facilities

RECOMMENDED ACTIONS:

- 1. Approve and authorize the Chairman to execute Amendment I to Master Agreement No. 16-294 with licensed and credentialed mental health facilities for additional beds and services for adults with severe and persistent mental conditions, effective upon execution through June 30, 2021 and increasing the maximum by \$29,853,355 to a total of \$90,003,355.**
- 2. Adopt Budget Resolution increasing FY 2016-17 appropriations in the 1991 Realign - Health Org 5243 in the amount of \$3,202,228 (4/5 vote).**
- 3. Adopt Budget Resolution increasing FY 2016-17 appropriations and estimated revenues in the Behavioral Health Org 5630 in the amount of \$3,202,228 (4/5 vote).**

Approval of the first recommended action will allow the Department of Behavioral Health to increase placement beds and services for adults with severe and persistent mental health conditions through licensed and credentialed facility service providers, pursuant to Welfare and Institutions Code (WIC), section (§) 5000 et seq. and Title 22 of California Code of Regulations (CCR), §§72001, et seq. Additionally, the increase includes the mandated 3.5% annual increase for Skilled Nursing Facilities (SNF) designated as Institutions of Mental Disease (IMDs). The recommended budget resolutions will allow existing Mental Health Realignment revenues to fund the FY 2016-17 demand for additional beds and services, with no increase in Net County Cost.

ALTERNATIVE ACTION(s):

There are no viable alternative actions. The County is required by the WIC and CCR Title 22 to provide appropriate level of care placements for adults living with persistent and severe mental health conditions, in secured, licensed and credentialed facilities. Without the recommended increase in funding for this Master Agreement, the Department would be unable to pay for anticipated placements and services, preserve bed placements and force the County to place clients in a higher level of care facility. The alternative levels of care include placements through an existing Memorandum of Understanding (MOU) with the California Department of State Hospitals through the California Mental Health Services Authority (CalMHSA), the Crisis Stabilization Center or the short-term Inpatient Psychiatric Health Facility, resulting in a significant placement cost increase, see Attachment A, Table 1.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The recommended amendment will increase the maximum compensation amount by \$29,853,355 (50% increase) to \$90,003,355 and accounts for the IMD State-mandated increased rate of 3.5%, released in August and effective on July 1 of

each year. The increases are as follows:

- FY 2016-17 from \$10,150,000 to \$13,352,228, a 32% (\$3,202,228) increase;
- FY 2017-18 from \$11,000,000 to \$16,841,756, a 53% (\$5,841,756) increase;
- FY 2018-19 from \$12,000,000 to \$18,302,778, a 53% (\$6,302,778) increase;
- FY 2019-20 from \$13,000,000 to \$19,890,544, a 53% (\$6,890,544) increase; and,
- FY 2020-21 from \$14,000,000 to \$21,616,049, a 54% (\$7,616,049) increase.

The recommended amendment will be financed with existing carryover Mental Health Realignment funds. Approval of the second recommended action will increase appropriations for FY 2016-17 in the 1991 Realign - Health Org 5243 in the amount of \$3,202,228 to fund an Operating Transfer Out to the Behavioral Health Org 5630 using resources available in the Fund Balance of the Local Health and Welfare Trust Fund 0135. Approval of the third recommended action will increase appropriations and estimated revenues for FY 2016-17 in the Behavioral Health Org 5630 in the amount of \$3,202,228 through an Operating Transfer In from the 1991 Realign - Health Org 5243 to fund costs associated with the Master Agreement for additional beds and services. Ongoing costs will be included in budget requests for the duration of the term. Actual costs will be based on actual length of stay in the licensed facilities.

DISCUSSION:

On June 7, 2016, your Board approved Master Agreement No. 16-294 with licensed and credentialed facilities to provide beds and services at the appropriate level of care to County adults living with severe and persistent mental health conditions, as mandated by the WIC and CCR Title 22. Local placements are sought first; however, out-of-county placements are often necessary when local facilities are at full capacity or unable to accommodate clients that are difficult to place. The recommended amendment will increase the number of beds, allowing the Department to continue to provide services for County clients at secured SNFs, Geropsychiatric Nursing Care Facilities (GNCFs), IMDs, and Mental Health Rehabilitation Centers (MHRCs).

The Master Agreement allows the Department Director to adjust the Basic Daily Bed Rates when increased in accordance with WIC, §5912 and to negotiate and adjust the Enhanced Services Bed Rates for clients requiring treatment that is more intensive. In the event of a rate adjustment in accordance with WIC, §5912, the County is required to pay the adjusted daily rate after the effective date. The State-published rate increase, released in August, is 3.5% for FY 2016-17 and became effective on July 1, 2016.

As detailed in Attachment A, Table 2, in the first six-months of FY 2016-17 (July 1, 2016 through January 31, 2017):

- 53 unique clients were placed at IMDs for a combined total of 8,164 bed days with an average length of stay (LOS) of 154 days;
- 19 unique clients were placed at SNFs/GNCFs for a total of 2,774 bed days with an average LOS of 146 days; and,
- 111 unique clients were placed at MHRCs for a combined total of 15,019 days with an average LOS of 135 days.

Attachment A illustrates the usage trends for both FY 2015-16 and the first six-months of FY 2016-17, showing a significant increase in usage of the MHRC's in FY 2016-17. To align with rate increases and anticipated utilization, an increase to the maximum compensation amount is necessary due to:

- Assembly Bill 1054 (Chapter 303, Statutes of 2013) mandates an annual increase of 3.5 % for SNF designated as IMDs, effective July 1, 2016.
- Crestwood Behavioral Health Inc., the Kingsburg MHRC facility, added 45-beds to the facility in February 2016, which have been utilized by the Department.
- Crestwood Behavioral Health Inc., the Kingsburg MHRC facility, has advised the Department of an

increase of 20 beds by or before July 1, 2017, which will in turn increase the number of possible placements available to the Department.

- In response to an increased demand for beds, new providers are expected to be added to the Master Agreement.

Upon approval by your Board, the recommended amendment to the Master Agreement would be effective upon execution through June 30, 2021 and would allow the Department access to additional beds for adults with severe and persistent mental health conditions. All other terms and conditions of the Master Agreement remain unchanged.

OTHER REVIEWING AGENCIES:

The Fresno County Behavioral Health Board was informed of the recommended amendment at their March 15, 2017 meeting.

REFERENCE MATERIAL:

BAI #30, June 7, 2016 - Master Agreement No. 15-316

ATTACHMENTS INCLUDED AND/OR ON FILE:

Attachment A

On file with Clerk - Amendment to Master Agreement No. 16-294 with licensed and credentialed facilities

On file with Clerk - Resolution (Org 5243)

On file with Clerk - Resolution (Org 5630)

CAO ANALYST:

Sonia De La Rosa