



Board Agenda Item 40

DATE: June 6, 2017

TO: Board of Supervisors

SUBMITTED BY: Dawan Utecht, Director, Department of Behavioral Health

SUBJECT: Non-Contracted Out-of-County Mental Health Services and Psychiatric Inpatient Hospital Beds for Fresno County Medi-Cal Beneficiaries

RECOMMENDED ACTION(S):

- 1. Authorize the Purchasing Manager, or designee, to continue approving payment to mental health providers for services provided in other counties to Fresno County Medi-Cal beneficiaries without an agreement up to a maximum \$100,000 per fiscal year per provider, the Purchasing Manager's limit, as established by your Board, effective July 1, 2017 through June 30, 2020.**
- 2. Authorize the Purchasing Manager, or designee, to approve payment to psychiatric inpatient hospitals for services provided in other counties to Fresno County Medi-Cal beneficiaries without an agreement up to a maximum \$100,000 per fiscal year per hospital, the Purchasing Manager's limit, as established by your Board, effective July 1, 2017 through June 30, 2020.**

The Department of Behavioral Health, in its role as the County Mental Health Plan (MHP), is obligated to reimburse non-contracted mental health providers and psychiatric inpatient hospitals for services provided to County Medi-Cal beneficiaries in other counties, per Title 9, California Code of Regulations (Title 9). Approval of the first recommended action expedites payment to mental health service providers for a small number of County beneficiaries that received emergency and crisis services in other counties. Approval of the second recommended action will expedite payments to non-contracted psychiatric inpatient hospitals for beds serving a small number of County beneficiaries that received emergency and crisis services in other counties. The costs will be funded with Medi-Cal, Early and Periodic Screening, Diagnosis and Treatment (EPSDT), and Mental Health Realignment, with no increase in Net County Cost.

ALTERNATIVE ACTION(S):

If your Board does not approve the first recommended action, processing time for payments to non-contracted mental health providers and psychiatric inpatient hospitals in other counties providing services to County Medi-Cal beneficiaries will increase significantly. In both instances, the payments can be made through the Internal Services Department - Purchasing Division (ISD - Purchasing) approval process, but payment in this manner is time consuming and must be completed and authorized on a case-by-case basis. The subsequent inefficiency would result in a significant usage increase of staff time to process the payments when compared to the existing streamlined process used for payments to mental health providers.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The costs will be based upon actual services rendered and will be financed with Medi-Cal, EPSDT, and Mental Health Realignment funding. Sufficient appropriations and estimated revenues will be included in the Department Org 5630 FY

2017-18 Requested Budget and future budgets for the duration of the term.

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 MHP for the County's Medi-Cal beneficiaries. The responsibilities include ensuring beneficiaries have access to medically necessary mental health services provided within or outside of the County and reimbursement to mental health providers and psychiatric inpatient hospitals for services provided to beneficiaries, per Title 9.

On April 22, 2014, your Board approved the continuation of the inter-departmental process implemented in 2002 by the Department, ISD - Purchasing, and the Auditor-Controller/Treasurer-Tax Collector. The process expedited invoice payment from non-contracted mental health providers, allowing ISD - Purchasing to approve invoices without exceeding the Purchasing Manager's limit of \$100,000 per fiscal year per provider, as established by your Board in the Purchasing and Contract Procedures Manual. Per Department policy, the mental health providers are required to have admitting privileges at the hospital County beneficiaries are being treated.

Continuing and expanding the current payment process is critical to ensure out-of-county mental health service access to County Medi-Cal beneficiaries. Any interruption or slowdown of the payment process may result in a reduction of available out-of-county services for beneficiaries. These services are accessed in emergency and crisis situations only and are a vital part of the beneficiaries' mental health care. Although the MHP has contracts with mental health providers and psychiatric inpatient hospitals within and outside of the County, there are instances where a small number of beneficiaries receive services from a mental health provider or psychiatric inpatient hospital that do not have a contract with the MHP.

With your Board's approval, the current payment process will expand to allow for expedited payments to non-contracted psychiatric inpatient hospitals, which are certified by the DHCS as providers of inpatient hospital services per Title 9. Without the expansion, the invoices would continue to be paid through ISD - Purchasing's approval process, but payment in this manner is time consuming and must be completed and authorized on a case-by-case basis. The expansion would minimize staff time to process the payments. ISD - Purchasing was consulted and concurs with the recommended actions.

The expansion of the current inter-departmental process to allow for expedited payments to psychiatric inpatient hospitals is necessary due to a shortage of available beds in psychiatric hospitals that are able to bill Medi-Cal. Many non-contracted hospitals are unable to bill Medi-Cal directly for hospital stays by beneficiaries between the ages of 21 and 64 due to the Institution for Mental Diseases (IMD) exclusion. This exclusion prevents certain psychiatric hospitals with more than 16 beds from billing Medi-Cal directly; these hospitals will instead bill the MHP. Non-contracted hospitals in this category fill a need for emergency and crisis services for a small, but critical population that Medi-Cal hospitals alone cannot meet. The ability to reimburse them for these services timely is critical.

Out-of-county non-contracted mental health providers will be paid at the same rate as other fee-for-service contracted providers, and out-of-county non-contracted psychiatric inpatient hospitals will be paid at a rate established by DHCS.

- The average cost per non-contracted mental health provider in FY 2014-15 was \$2,208, with a maximum annual cost of \$86,079 for all non-contracted mental health providers paid.
- The average cost per mental health provider in FY 2015-16 was \$3,965, with a maximum annual cost of \$154,600 for all non-contracted mental health providers paid.
- The average cost per mental health provider in the first half of FY 2016-17 was \$1,475 with a maximum cost of \$42,750 for all non-contracted mental health providers paid.
- The average cost per non-contracted psychiatric inpatient hospital in FY 2014-15 was \$24,677, with a

- maximum annual cost of \$123,381 for all non-contracted psychiatric inpatient hospitals paid.
- The average cost per non-contracted psychiatric inpatient hospital in FY 2015-16 was \$30,764, with a maximum annual cost of \$61,527 for all non-contracted psychiatric inpatient hospitals paid.
- The average cost per non-contracted psychiatric inpatient hospital for the first half of FY 2016-17 was \$37,767, with a maximum cost of \$113,300 for all non-contracted psychiatric inpatient hospitals paid.

Approval of the recommended actions would authorize the continuation of the payment process within the Purchasing Manager's maximum authority limit of \$100,000 per fiscal year per mental health provider, and would expand the process to allow for payments to non-contracted psychiatric inpatient hospitals. Internal policies and procedures are in place to support this inter-departmental process. The Department remains responsible to monitor expenditures and work with ISD - Purchasing to establish agreements with any provider or psychiatric inpatient hospital expected to continue services above the limit during the fiscal year. The recommended actions are effective during FY 2017-18 through FY 2019-20.

REFERENCE MATERIAL:

BAI #27, April 22, 2014
BAI #36, April 9, 2013

CAO ANALYST:

Sonia De La Rosa