



# Board Agenda Item 42

DATE: June 4, 2019

TO: Board of Supervisors

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

SUBJECT: Psychiatric Inpatient Services with Community Medical Center dba Community Behavioral Health Center

## RECOMMENDED ACTION(S):

- 1. 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 referral clients requiring acute inpatient psychiatric services to a licensed inpatient facility closest to Fresno County and the client's family for the Department of Behavioral Health.**
- 2. Approve and authorize the Chairman to execute a Retroactive Agreement with Community Medical Center dba Community Behavioral Health Center for referral of adult mental health clients to mandated inpatient psychiatric services, effective July 1, 2018, not to exceed five consecutive years, which includes a three-year base contract and two optional one-year extensions, total not to exceed \$22,775,000.**

Approval of the recommended actions will ensure the continued availability of sufficient inpatient psychiatric beds for County adult mental health clients on an overflow basis at Community Behavioral Health Center (CBHC) located in the city of Fresno, in closest proximity to the client's family. The inpatient psychiatric per client rate was negotiated by the Department of Behavioral Health (DBH) and CBHC and was set based on the Consumer Price Index (CPI) for inpatient hospital services not to exceed a maximum increase of 4% each fiscal year during the contract's term. The beds are funded by Medi-Cal Federal Financial Participation (FFP) and Mental Health Realignment funds, with no increase in Net County Cost.

## ALTERNATIVE ACTION(S):

If the recommended actions are not approved, acute inpatient psychiatric services needed by adult clients may be delayed due to unavailability at the DBH contracted Psychiatric Health Facility (PHF), or the client may be placed at a non-contracted facility that charges a higher rate. Non-approval may also result in acute mental health clients remaining longer periods in local emergency departments.

## SUSPENSION OF COMPETITION/SOLE SOURCE CONTRACT:

The Department of Behavioral Health (DBH) recommends your Board waive the competitive bidding process consistent with Administrative Policy No. 34 due to unusual or extraordinary circumstances in order to have CBHC, a qualified acute inpatient hospital licensed with the State, provide services to clients on an overflow basis. The CBHC is one of three local certified and State licensed facilities within a 100-mile radius willing to accept the County's medically indigent, Medi-Cal beneficiaries and recipient referrals on an overflow basis. The other two hospitals are located in Tulare and Merced; both currently have existing

contracts with the County for overflow services, agreement No. 15-406 and agreement No. 16-142, respectively. The Internal Services Department - Purchasing concurs with DBH's request to waive the competitive bidding process.

#### RETROACTIVE AGREEMENT:

This Agreement is retroactive to July 1, 2018, due to lengthy contract language negotiations primarily centered on new insurance requirements, Title 9, and certifications of compliance required for mental health service providers who receive State and Federal funding.

#### FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The maximum cost of the recommended agreement (\$22,750,000) will be fully financed with Medi-Cal Federal Financial Participation and Behavioral Health Realignment funds. Sufficient appropriations and estimated revenues (\$4,550,000) are included in the Department's Org 5630 FY 2018-19 Adopted Budget, and will be included in subsequent budget requests for the duration of the recommended agreement.

#### DISCUSSION:

The County operates a Managed Care Mental Health Plan (MHP) through an agreement with the California Department of Health Care Services (DHCS). The MHP oversees the provision of mandated mental health services to Medi-Cal, indigent and uninsured clients of all ages. Pursuant to Welfare & Institutions Code (W&IC), Section (§) 14712, the County must ensure the availability and accessibility of an adequate number of beds at inpatient facilities to provide medically necessary acute inpatient psychiatric services. The County is also mandated by W&IC §5600 to provide mental health crisis and psychiatric inpatient services to indigent and uninsured clients.

On October 13, 2015, the Board executed agreement No. 15-507 for FY 2015-16 for a three-year term ending June 30, 2018, with CBHC to provide acute inpatient psychiatric services on an overflow basis. During FY 2016-17, the County utilized CBHC for the provision of acute psychiatric inpatient services for 1,433 clients, both Medi-Cal and non Medi-Cal eligible, for a total of 13,841 patient days. During FY 2017-18 the County utilized CBHC for the provision of acute psychiatric inpatient services for 1,423 clients, both Medi-Cal and non Medi-Cal eligible, for a total of 12,761 patient days.

Both County and CBHC staff will work collaboratively in discharge planning to ensure continuity of care and linkage to appropriate ongoing outpatient specialty mental health services. The clients would be referred as needed to either Fresno County's Urgent Care Wellness, for new clients entering County mental health services, or at other Adult System of Care appropriate service sites.

The recommended agreement allows for an annual fiscal year increase of the vendor's daily rate based on the CPI rate for inpatient hospital services released during June of each fiscal year, not to exceed a 4% maximum. Any rate adjustment(s) shall not result in an increase to the maximum compensation of the agreement. The recommended contract will provide payments for acute inpatient psychiatric services provided to the County's medically indigent, Medi-Cal Beneficiaries and recipients at no more than \$1,287.21 per patient day for FY 2018-19. The contract also provides for an administrative day rate of \$597.34 per patient day, a rate established by the California Department of Health Care Services Rate Development Branch for use when the client no longer requires acute inpatient psychiatric services and is pending discharge or placement in a lower care level facility. The County will receive a credit for any charges reimbursed by the State for services rendered by CBHC to clients who later become Medi-Cal eligible. Actual costs will be determined by the actual services rendered.

The recommended agreement does not conform to standard contract language with regards to Insurance as it is written "per claim basis" rather than the standard "per occurrence basis". County Risk does not

support the change in language but has provided additional contract language to minimize risk to the County. The additional language includes specific claims-made insurance requirements and CBHC has agreed to comply.

The DBH Director or designee may provide for termination of the agreement without cause upon 30 days advance written notice of an intention to terminate, and includes the provision to defer payment to the facility in the event funding from the State Controller to the County is delayed, not to exceed the delay of payment to the County by the State Controller for more than 45 days from the date the County receives payment.

OTHER REVIEWING AGENCIES:

The Behavioral Health Board was made aware of the recommended agreement at its April 17, 2019 meeting.

REFERENCE MATERIAL:

BAI #30, October 13, 2015  
BAI #31, August 25, 2015  
BAI #30, April 31, 2015  
BAI #43, October 28, 2014  
BAI #37, December 3, 2013  
BAI #56, June 18, 2013  
BAI #27, December 11, 2012

ATTACHMENTS INCLUDED AND/OR ON FILE:

Suspension of Competition Acquisition Request  
On file with Clerk - Agreement with Community Medical Center

CAO ANALYST:

Ron Alexander