



# Board Agenda Item 40.1

DATE: June 18, 2019

TO: Board of Supervisors

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

SUBJECT: Retroactive Agreement for Psychiatric Inpatient Services with Kaweah Delta Health Care District's Mental Health Hospital in Tulare County

## 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 referring 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 Kaweah Delta Health Care District dba Kaweah Delta Mental Health Hospital in Tulare County for referral of Fresno County adult mental health clients for 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 \$11,250,000.**

Approval of the recommended actions will ensure the continued availability of sufficient inpatient psychiatric beds for Fresno County adult mental health clients on an overflow basis at Kaweah Delta Mental Health Hospital. The inpatient psychiatric per client day rate is not negotiable and is set based on Kaweah Delta Mental Health Hospital's negotiated rate with the County of Tulare. 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, bed space for adult clients with acute inpatient psychiatric services may be delayed due to unavailability at the Department of Behavioral Health's 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 Kaweah Delta Mental Health Hospital, a qualified acute inpatient hospital licensed with the State, provide services to clients on an overflow basis. Kaweah Delta Mental Health Hospital 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 Fresno and Merced; both currently have existing contracts with the County for overflow services,

Agreement Nos. A-15-507 and A-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 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 (\$11,250,000) will be fully financed with Medi-Cal FFP and Behavioral Health Realignment funds. Sufficient appropriations and estimated revenues are included in the Department's Org 5630 FY 2018-19 Approved Budget, and will be included in subsequent budget requests for the duration of the agreement.

DISCUSSION:

Fresno 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 beneficiaries, the medically indigent and uninsured clients of all ages. The County must ensure the availability of accessibility of an adequate number of beds at inpatient facilities to provide medically necessary acute inpatient psychiatric services pursuant to California Welfare and Institutions Code (W&IC) 14712. The County is also mandated by W&IC 5600 to provide mental health crisis and psychiatric inpatient services to indigent and uninsured clients.

On August 25, 2015, the Board executed agreement No. 15-406 for FY 2015-16 for a three-year term ending June 30, 2018, with Kaweah Delta's Mental Health Hospital to provide acute inpatient psychiatric services on an overflow basis. In FY 2016-17, Fresno County utilized Kaweah Delta Mental Health Hospital for the provision of psychiatric inpatient services for 748 clients, both Medi-Cal and non Medi-Cal eligible, for a total length of stay of 6,567 days. In FY 2017-18, Fresno County utilized Kaweah Delta Mental Health Hospital for the provision of psychiatric inpatient services for 582 clients, both Medi-Cal and non Medi-Cal eligible, for a total length of stay of 4,964 days.

Staff from both the County and Kaweah Delta's Mental Health Hospital will work collaboratively in discharge planning to ensure continuity of care and linkage to ongoing outpatient specialty mental health services as needed at 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 contract will provide payments for acute inpatient psychiatric services provided to the County's medically indigent, Medi-Cal beneficiaries and recipients at the rate of \$1,273 per patient day for FY 2018-19. The inpatient psychiatric per client day rate is not negotiable and set by Kaweah Delta Health Care District based on an annually negotiated rate with the County of Tulare.

In addition, the contract provides for an administrative day rate of \$597.34 per client day, established by the California Department of Health Care Services Rate Development Branch, and payable when the client no longer requires acute inpatient psychiatric services and is pending discharge or placement to a lower care level facility. Kaweah Delta will be responsible for all non-psychiatric physician services and related medically necessary non-psychiatric services provided post admittance of a County beneficiary or recipient covered under the proposed Agreement. The recommended agreement states that any rate adjustment(s) shall not result in an increase to the maximum compensation of the agreement. Fresno County will receive a credit for any charges reimbursed by the State for services rendered by Kaweah Delta to clients who later become Medi-Cal eligible. Actual costs will be determined by the actual services rendered.

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. The recommended Agreement includes modified insurance language due to Kaweah Delta's self-insured retention limits. Kaweah Delta has provided correspondence stating that the present insurance coverages and reserves are sufficient to cover currently estimated claim exposures. Kaweah Delta was unwilling to include the County's standard audit language, which allows for unlimited audits of Kaweah Delta's records without notice. They requested a limitation of one audit per year and 72 hours' notice prior to the audit. DBH believes that the County's interests are adequately protected by this limitation, and by the other audit requirements in the recommended Agreement.

OTHER REVIEWING AGENCIES:

The Behavioral Health Board was made aware of this recommended agreement during their May 2019 meeting.

REFERENCE MATERIAL:

BAI #31, August 25, 2015

ATTACHMENTS INCLUDED AND/OR ON FILE:

Suspension of Competition Acquisition Request  
On file with Clerk - Agreement with Kaweah Delta Health Care District

CAO ANALYST:

Ron Alexander