



# County of Fresno

Hall of Records, Rm. 301  
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Fresno, California  
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## Legislation Text

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**File #:** 17-1635, **Version:** 1

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**DATE:** May 8, 2018

**TO:** Board of Supervisors

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

**SUBJECT:** Master Agreement for Inpatient Psychiatric Hospital Services

**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 for the Department of Behavioral Health.**
- 2. Approve and authorize the Chairperson to execute a Master Agreement for Out-of-County Inpatient Psychiatric Hospital Services with providers whose annual service costs are expected to exceed the \$100,000 maximum amount payable, effective May 8, 2018, not to exceed approximately five consecutive years, which includes a three-year and two-month base contract and two optional one-year extensions, total not to exceed \$3,880,000.**
- 3. Authorize the Director of the Department of Behavioral Health, or designee, to add and/or delete providers to the Master Agreement for Inpatient Psychiatric Hospital Services.**

Approval of the first recommended action will ensure the continued availability of sufficient inpatient psychiatric beds for County adult mental health clients on an overflow basis.

Approval of the second recommended action will provide the Department of Behavioral Health a method to pay providers whose annual costs to serve Fresno County residents exceeds the Board approved \$100,000 maximum amount payable for out-of-County non-contracted inpatient psychiatric hospital services for Medi-Cal and non-Medi-Cal recipients.

Approval of the third recommended action will allow the Director to approve the addition and/or deletion of providers to the master agreement to meet service needs, without exceeding the annual contract maximum. The recommended master agreement will be fully offset by Medi-Cal Federal Financial Participation (FFP) and Mental Health Realignment revenues, with no increase in Net County Cost.

**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 qualified acute inpatient hospitals licensed with the State provide services to clients on an overflow basis. With approval of this item, additional hospitals will be added with the Directors' approval as their annual service costs approach the maximum amount payable as approved on June 6, 2017. The Internal Services Department - Purchasing concurs with DBH's request to waive the competitive bidding process.

**ALTERNATIVE ACTION(S):**

There is no viable alternative action. If your Board does not approve the recommended actions, a Request for Proposal process would be conducted; Fresno County individuals in need of inpatient psychiatric hospital services may experience a gap and/or delay in services without the flexibility of a master agreement; and, the Department may be required to return to your Board each time there is a change in service need requiring the addition of a provider.

#### FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The maximum amount of the recommended agreement (\$3,880,000) will be fully offset with Medi-Cal FFP and Mental Health Realignment. Actual cost will be determined by actual services provided. Sufficient appropriations and estimated revenues are available in the Department's Org 5630 FY 2017-18 Adopted Budget and will be included in future budget requests for the duration of the agreement. A breakdown of the annual maximum compensation is as follows:

5/8/18-6/30/18:	\$500,000
FY 2018-19:	\$624,000
FY 2019-20:	\$649,000
FY 2020-21:	\$675,000
FY 2021-22:	\$702,000
FY 2022-23:	<u>\$730,000</u>
<b>Total:</b>	<b>\$3,880,000</b>

#### 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 Mental Health Plan (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, Internal Services Division (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.

On June 6, 2017, your Board approved the continuation and expansion of an expedited payment process to non-contracted inpatient psychiatric hospitals, which are certified by the DHCS as providers of inpatient hospital services per Title 9. This process upheld the \$100,000 limit per fiscal year per provider, but eliminated the requirement that invoices be processed through ISD - Purchasing's approval process, which was time consuming, and required completion and authorization on a case-by-case basis.

With your Boards' approval, this master agreement will allow the County to contract with providers who may exceed the \$100,000 maximum amount rendering them unpayable under the expedited process approved on June 6, 2017. Currently, the payment process in place when a provider exceeds the \$100,000 cap is lengthy and time consuming and results in delayed payment to service providers, which could negatively impact future service provision to Fresno County clients. This master agreement establishes contracts with Behavioral Health Care Fremont Hospital and Bakersfield Behavioral Health Hospital. In addition, this agreement allows the Director or Designee to add and/or delete providers as necessary. The goal is to establish a timely

payment process, minimize inpatient services wait times, and help ensure availability of inpatient beds for Fresno County residents in need of inpatient psychiatric care.

The clients served by the identified providers have high acuity needs and require immediate inpatient services. A cost summary of services provided between July 1, 2017 and March 31, 2018 by the two hospitals added to the recommended master agreement is provided below.

	BAKERSFIELD	FREMONT	TOTAL	
<b>1. TOTAL CLIENTS SERVED</b>	<b>225</b>			<b>88</b>
<b>310</b>				
a. Medi-Cal Eligible Clients	135			85
217				
b. Medi-Cal Non-Eligible Clients	89		3	92
<b>2. TOTAL BED DAYS</b>		<b>1,777</b>		<b>591</b>
<b>2,368</b>				
a. Medi-Cal Eligible Days	575		446	1,021
b. Medi-Cal Non-Eligible Days	1,202		145	1,347
<b>3. ESTIMATED GROSS CHARGES</b>	<b>\$827,696</b>		<b>\$424,860</b>	<b>\$1,252,556</b>
a. Medi-Cal Reimbursable	\$166,175		\$195,348	\$361,523
b. Realignment	\$661,521		\$229,512	\$891,033

The term of the recommended agreement shall be for a period of approximately five years two months, commencing on May 8, 2018 through and including June 30, 2023. This agreement includes a base term of approximately three years two months and may be extended for two additional consecutive twelve-month periods upon written approval of both parties no later than thirty (30) days prior to the first day of the next twelve month extension period. The Director or her designee is authorized to execute such written approval on behalf of the County based on Contractor's satisfactory performance. The DBH Director would be able to add and/or delete contractors to the agreement as needed. If approved, the recommended agreement will become effective upon execution and may be terminated by the County, DBH Director or designee, or the contractor(s), upon providing a 60-day advanced written notice.

#### OTHER REVIEWING AGENCIES:

The Behavioral Health Board was notified of the recommended actions at the March 21, 2018 meeting.

#### REFERENCE MATERIAL:

BAI #40, June 6, 2017  
BAI #27, April 22, 2014  
BAI #36, April 9, 2013

#### ATTACHMENTS INCLUDED AND/OR ON FILE:

Suspension of Competition Acquisition Request  
On file with Clerk - Master Agreement

#### CAO ANALYST:

Ron Alexander