



Board Agenda Item 53

DATE: June 24, 2025

TO: Board of Supervisors

SUBMITTED BY: Susan L. Holt, Director, Department of Behavioral Health

SUBJECT: Master Agreement for Inpatient Psychiatric Hospital Professional Services

RECOMMENDED ACTION(S):

- 1. Under Administrative Policy No. 34 for competitive bids or requests for proposals (AP 34), determine that an exception to the competitive bidding requirement under AP 34 is satisfied and a suspension of competition is warranted due to unusual or extraordinary circumstances, and that the best interests of the County would be served by entering into the Master Agreement due to the non-competitive nature of Master Agreements; and**
- 2. Approve and authorize the Chairman to execute a Master Agreement for inpatient psychiatric hospital professional services, effective July 1, 2025, not to exceed five consecutive years, which includes a three-year base contract and two optional one-year extensions, total not to exceed \$12,000,000.**

There is no additional Net County Cost associated with the recommended actions, which will allow the Department of Behavioral Health (DBH) to contract with physician groups who provide inpatient psychiatric hospital professional services (professional services). DBH, in its role as the County Behavioral Health Plan (BHP), is obligated to provide and reimburse for inpatient psychiatric hospital services which include hospital stay and professional services. Approval of the recommended actions will ensure the Department remains in compliance with the Department of Health Care Services (DHCS). This item is countywide.

ALTERNATIVE ACTION(S):

There are no viable alternative actions. Should your Board not approve the recommended actions, the Department would not be able to access inpatient psychiatric hospital professional services for persons served in need of this level of care.

SUSPENSION OF COMPETITION/SOLE SOURCE CONTRACT:

It is requested that the County find under AP 34 that an exception to the competitive bidding requirement is satisfied, and a suspension of competition is warranted due to unusual or extraordinary circumstances due to the non-competitive nature of the services. Professional services are a part of Inpatient Psychiatric Hospital services, and the Department does not have control over the referral process to hospitals by local emergency departments but are required to pay for these services. The General Services Department - Purchasing concurs with the Department's assessment that this satisfies the exception to the competitive bidding process required by AP 34.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The maximum

compensation of the Master Agreement (\$12,000,000) is funded with Mental Health Realignment and Medi-Cal Federal Financial Participation (FFP). Sufficient appropriations and estimated revenues will be included in the Department's Org 5630 FY 2025-26 Recommended Budget and will be included in future budget requests for the duration of the term. Actual costs will be determined by actual services provided.

DISCUSSION:

On October 11, 2022, the Board approved the California Department of Health Care Services (DHCS) Agreement No. 22-452 (State agreement #22-20101) to continue to operate the Fresno County Mental Health Plan (FCMHP) in accordance with all applicable Federal and State laws. The responsibilities include ensuring persons served have access to medically necessary mental health services within and/or outside of the County including inpatient psychiatric hospital services in accordance with Welfare and Institutions Code (WIC) Division 5, Title 42 Code of Federal Regulations, and Title 9 of California Code of Regulations (CCR) Chapter 11 commencing with Section 1810.100.

On January 7, 2025, your Board approved Agreement No. 25-008 (State agreement#24-40134) with DHCS, establishing the Department as the Behavioral Health Plan (BHP) for the County's Medi-Cal and Drug Medi-Cal Organized Delivery System persons served. This agreement continues the responsibilities discussed above for inpatient psychiatric hospital services.

Inpatient psychiatric hospitals provide the highest level of care for persons served with severe mental health illness. These facilities provide acute care services to stabilize an individual who may be a danger to self, danger to others or gravely disabled due to a behavioral health condition.

Persons served are referred to the inpatient psychiatric hospitals by local emergency departments, hospitals and crisis stabilization units. Due the emergency nature of the services, they are bound to locate care for the person served. BHPs are required to pay for medically necessary inpatient psychiatric care, even when that care is provided outside of our contracted network of care. Within the inpatient psychiatric hospitals, professional services, under some circumstances, may be claimable to Medi-Cal and help offset the cost to the Department. Inpatient Psychiatric Hospital Professional Services are specialty mental health services provided to a person served by a licensed mental health professional with hospital admitting privileges while the person served is in a hospital receiving Inpatient Psychiatric Hospital services. These Professional Services are subject to the limitations set forth in the statewide Medi-Cal Program, which is in accordance with Title 9, California Code of Regulations, Chapter 11, Medi-Cal Specialty Mental Health Services.

It is not industry standard for physicians in Inpatient Psychiatric Hospitals to be employed by the hospital; the state generally prohibits hospitals from directly employing physicians due to the Corporate Practice of Medicine (CPOM) doctrine (with limited exceptions). For this reason, Inpatient Psychiatric Hospitals contract with select physician groups to be the psychiatric professional services provider for their inpatient facility.

On June 23, 2020, the Board approved Master Agreement No. 20-236 for individual and group providers to provider specialty mental health services which included professional fee providers, which was amended several times through the term of the agreement to update rates and add additional providers.

Approval of the recommended actions will create a Master Agreement specific for professional fee providers, with tailored language and requirements for this specific type of service line. The modification clause of the recommended agreement delegates the board's authority to the DBH Director to make certain changes to the agreement during the term of the agreement, as further described in Article 13, Section B of the agreement.

In Fiscal Year 2023-2024, a total of 1,022 unique individuals were served by the current contracted providers and for the period of July-December 2024 a total of 670 unique individuals were served.

OTHER REVIEWING AGENCIES:

The Behavioral Health Board was notified of the Agreement during the May Behavioral Health Board meeting.

REFERENCE MATERIAL:

BAI #36, May 20, 2025
BAI #18, January 7, 2025
BAI #41, December 17, 2024
BAI #41, November 5, 2024
BAI # 27, May 21, 2024
BAI # 32, January 9, 2024
BAI #43, June 20, 2023
BAI #33, June 23, 2020

ATTACHMENTS INCLUDED AND/OR ON FILE:

Suspension of Compensation Acquisition Request Form
On file with Clerk - Master Agreement

CAO ANALYST:

Ronald Alexander