



Board Agenda Item 49

DATE: June 16, 2026

TO: Board of Supervisors

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

SUBJECT: Master Agreement for Institutions for Mental Diseases

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 interest of the County would be served by entering into the Master Agreement given the non-competitive nature of Master Agreements; and**
- 2. Approve and authorize the Chairman to execute a Master Agreement with licensed and credentialed Institutions for Mental Diseases facilities for placement beds and services for adults with severe and persistent mental conditions, effective July 1, 2026, not to exceed five consecutive years, which includes a three-year base contract and two optional one-year extensions, total not to exceed \$160,169,695.**

There is no additional Net County Cost associated with the recommended actions, which will allow the Department to contract with licensed and credentialed Institutions for Mental Diseases (IMD) including Skilled Nursing Facilities (SNF), Skilled Nursing Facilities with Special Treatment Programs (SNF-STP), Geropsychiatric Nursing Care Facilities (GNCF), and Mental Health Rehabilitation Centers (MHRC). Facilities will provide placement and services for adults with severe and persistent mental health conditions, pursuant to Welfare and Institutions Code (WIC), section(s) 5000 et seq. and Title 22 of California Code of Regulations (CCR) S72001 et. seq. and Mental Health Substance Use Disorder Services Information Notice No. 15-008. This item is countywide.

ALTERNATIVE ACTION(S):

Should the recommended actions not be approved, the Department would be out of compliance with WIC and CCR Title 22 which requires the County, as the Behavioral Health Plan, to provide appropriate level of care placements for adults living with persistent and severe mental health conditions, in secured, licensed and credentialed facilities. Without the recommended agreement, the Department would be unable to pay for current and anticipated placements and services, preserving bed placements, resulting in persons served being placed in a higher level of care facility.

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 Master Agreement as well as the specific utilization of this agreement for IMD services for Fresno County conserved persons served. 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 recommended agreement (\$160,169,695) will be funded with Behavioral Health Realignment funds. Sufficient appropriations and estimated revenues are included in the Department's Org 5630 FY 2026-27 Recommended Budget and in future budget requests for the duration of the term of the Agreement. Actual costs will be determined by actual services provided.

DISCUSSION:

On July 13, 2021, the Board approved Master Agreement No. A-21-258 with licensed and credentialed facilities to provide beds and services at the appropriate level of care within secured Skilled Nursing Facilities (SNF), Geropsychiatric Nursing Care Facilities (GNCF), Institutions of Mental Diseases (IMD), and Mental Health Rehabilitation Centers (MHRC) to County adults living with severe and persistent mental health conditions, as mandated by the WIC and CCR Title 22. This agreement was amended four (4) times to add contractors, adjust provider services and rates, align compensation and bed hold language to align across all contractors with Department standards, and revise the agreement to include the County standard insurance and data security requirement exhibits.

Pursuant to California Welfare and Institutions Code (WIC) Sections 5000 through 5550, the Lanterman-Petris-Short Act, WIC Section 5600, and California Code of Regulation (CCR), Sections 80000, 80001, 85000, and 85060, the County, as the Behavioral Health Plan, is required to pay for the required services for all County conserved persons served, regardless of SSI/SSP beneficiary status, including geropsychiatric skilled nursing care, locked skilled nursing care with special mental health treatment programs, mental health rehabilitation center services, ancillary services and other enhanced treatment services and other facilities to house and treat adults with severe and serious mental health impairments.

Pursuant to the Lanterman-Petris-Short Act, services must be rendered in the least restrictive setting appropriate to the needs of each person receiving services. The Conservatee population presents a wide range of clinical, behavioral, cognitive, and medical needs, which may require different levels and types of support, including, but not limited to, intensive psychiatric stabilization, behavioral management, dementia related care, co-occurring substance use treatment, secure settings, or facilities capable of addressing complex medical conditions. Local placements are sought first; however, out-of-county placements are often necessary when local facilities are at capacity or unable to accommodate persons served that are difficult to place. Approval of a Master Agreement will ensure robust coverage of various levels of service to account for the variance of needs in the Conservatee persons served population.

**Service Data
(Up to January 2026)**

Fiscal Year	Services
2024-25	38,146
2025-26	19,802

As of January 2026, the current fiscal year's service amount is 19,802 services. The maximum compensation for this proposed agreement was calculate based on the assumption the second half of this fiscal year will remain consistent, resulting in an estimated total of services for this fiscal year of 39,604 services. By multiplying this amount of services by the highest proposed rate for this upcoming fiscal year, \$781.35, this resulted in a total of \$30,944,585. An additional 5% buffer was included to compensate for a predicted increase in services, totaling \$32,491,814. The proposed amount was adjusted to \$32,033,939 to align with the current agreement's annual maximum. Additionally, contractors submitted rates increases that, in some cases, far exceed the standard 3.5-5% increase. To determine fair market value, the Department contacted the host counties of these facilities and confirmed these rate increases were indeed

consistent throughout the state.

On December 12, 2023, the Board adopted a resolution electing to defer the January 1, 2024, implementation date of the changes made to California Welfare and Institutions Code §5008 (WIC 5008) by Senate Bill (SB) 43 to January 1, 2026, which expands the criteria of “gravely disabled” and allows law enforcement and Fresno County designated healthcare professionals to place an involuntary hold on a broader population of individuals. With the new changes to the definition of gravely conserved going into effect for Fresno County this year, the Department expects utilization for this Agreement to increase annually and does not want to risk underbudgeting for this service line. Additionally, the total proposed maximum compensation accounts for the potential need for the addition of additional provider(s) on this Master Agreement.

AB339 noticing has occurred and the Human Resources Department approved execution of the recommended Agreement.

Approval of the first recommended action will suspend the competitive bidding process consistent with Administrative Policy No. 34, for delivery of IMD services through licensed residential facilities. Approval of the second recommended action will authorize the Master Agreement with licensed and credentialed facilities for the provision of IMD services, for a five-year term, total not to exceed \$160,169,695.

The termination without cause clause of the agreement allows for mutual termination by either County or Contractor by providing at least thirty (30) days advanced written notice, as further described in Article 6, Section 3. The modification and rate modification clauses of the agreement delegate the Board’s authority to the Department Director to make certain changes to the Agreement, including the modification of Contractor rates, not to exceed five percent (5%) annually or that are needed to accommodate state-mandated rate increases, during the term of the agreement, as further described in Article 15, Section 1, of the Agreement. The Department has determined the benefit of the contract as written outweighs any potential risks and recommends approval of the agreement.

OTHER REVIEWING AGENCIES:

The Behavioral Health Board will be notified of the recommended Agreement during the June 2026 meeting.

REFERENCE MATERIAL:

- BAI #29, September 10, 2024
- BAI #28, July 9, 2024
- BAI #5, December 12, 2023
- BAI #53, June 20, 2023
- BAI #29, February 7, 2023
- BAI #31, July 13, 2021

ATTACHMENTS INCLUDED AND/OR ON FILE:

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

CAO ANALYST:

Ronald Alexander Jr.