



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Behavioral Wellness
Department No.: 043
For Agenda Of: June 25, 2024
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Antonette Navarro, LMFT, Director
Director(s) Department of Behavioral Wellness, (805) 681-5220
Contact Info: Chris Ribeiro, Chief Financial Officer
Katie Cohen, Division Chief of Clinical Operations
Department of Behavioral Wellness, (805) 681-5220

SUBJECT: Telecare Corporation FY 22-24 First Amendment to the Service Agreement for Mental Health and Other Supportive Services

DS
AN

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

- a) Approve, ratify, and authorize the Chair to execute a First Amendment to the Agreement for Services of Independent Contractor with **Telecare Corporation** (a local vendor) (BC 22-031) to update language in the Statement of Work for Santa Maria Adults/Older Adults Full Service Partnership services, add client expense funds for Full Service Partnerships and client board and care funds, implement California Advancing and Innovating Medi-Cal (CalAIM) Behavioral Health Payment Reform changes, add contingency cost settlement provisions for FY 23-24, and to increase the contract maximum amount for FY 22-23 by \$196,167, and increase the FY 23-24 amount by \$717,950, for a new total contract maximum not to exceed **\$12,760,117**, inclusive of \$6,119,167 for FY 22-23 and \$6,640,950 for FY 23-24, for the period of July 1, 2022, through June 30, 2024;
- b) Delegate to the Director of the Department of Behavioral Wellness or designee the authority to incorporate new codes and make fee-for-service rate changes or updates and to reimburse on a cost reimbursement basis for Medi-Cal fee-for-service programs per Exhibit B Mental Health Services as to each agreement enumerated above under Recommended Action a; and
- c) Determine that the above action is a government funding mechanism or other government fiscal activity, which does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment and is therefore not a project under the

California Environmental Quality Act (CEQA) pursuant to section 15378(b)(4) of the CEQA Guidelines.

Summary Text:

This item is on the agenda to request that the Board of Supervisors execute a First Amendment to the Telecare Corporation (Telecare) Board Contract to:

1. Implement California Advancing and Innovating Medi-Cal (CalAIM) Behavioral Health Payment Reform changes;
2. Update the program name for Santa Maria Assertive Community Treatment (ACT) to Santa Maria Adults/Older Adults Full Service Partnership, and update the language in the statement of work for Santa Maria Adults/Older Adults Full Service Partnership;
3. Add \$100,000 in Full Service Partnership Client Expense funding to assist clients in reaching their treatment goals and remain in compliance with the California Department of Healthcare Services (DHCS) regulations and Title 9 of the California Code of Regulations § 3620 regarding Full Service Partnership requirements. “Client expense funds” include, but are not limited to: food, clothing, housing (including, but not limited to, rent subsidies, housing vouchers, house payments, residence in a drug/alcohol rehabilitation program, and transitional and temporary housing), cost of health care treatment, cost of treatment of co-occurring conditions, such as substance abuse and respite care;
4. Add \$20,000 for client board and care to cover increased operating costs;
5. Increase the contract maximum amount for fiscal year (FY) 22-23 by \$196,167, and the FY 23-24 amount by \$717,950, for a new contract maximum not to exceed \$12,760,117 for the period of July 1, 2022, through June 30, 2024; and
6. Add contingency payment and contingency cost settlement provisions, implement changes in Medicare reimbursement for mental health services, and allow the department to incorporate new codes or update rates to contracted fee schedules for FY 23-24.

Background:

The Department of Behavioral Wellness (BWell) provides specialty mental health services to Medi-Cal beneficiaries and other individuals to the extent resources allow, in part, through contracted services. Telecare provides an array of mental health services to adult clients with serious mental illness pursuant to the County of Santa Barbara’s obligation to provide such services under the Mental Health Plan and the Mental Health Services Act. These services include Crisis Residential Treatment (CRT) services, Full Service Partnership (FSP) services, and McMillan Ranch rehabilitative services.

A CRT facility is a safe and therapeutic environment where clients are assisted to stabilize the symptoms of mental illness and co-occurring conditions; gain skills to manage their condition more effectively; make progress on the path to personal recovery; and engage community support that will enable them to leave the facility, participate fully in necessary follow-up treatment, and improve networks of support for community life including linkage to community services. Typical charge from a Psychiatric Health Facility (PHF). The FSP program is an evidence-based psychiatric treatment rehabilitation and support service for clients with serious mental illness who demonstrate the need for this most intensive level of non-residential community service. Telecare also provides twenty-four (24) hour structured mental health rehabilitation services, residential care, and room and board to adults at McMillan Ranch.

Full Service Partnership

The Mental Health Services Act (MHSA), passed by California voters in 2004, was designed to expand and transform California’s county mental health system and has five components: 1. Community Services and Support (CSS), 2. Prevention and Early Intervention (PEI), 3. Innovation (INN), 4. Capital Facilities and Technological Needs (CFTN), and 5. Workforce Education and Training (WET). CSS services is the largest of the five components whose funding is used to provide direct services to adults and older adults with serious mental illness and children and youth with serious emotional disturbance who meet the criteria set forth in Welfare and Institutions Code section 5600.3. The CSS component has the following service categories: Full Service Partnership (FSP) Services, Outreach and Engagement (O&E) Services, and General System Development (GSD).

Per Title 9 of the California Code of Regulations § 3200.130, a “Full Service Partnership” means the collaborative relationship between the County and the client, and when appropriate the client's family, through which the County plans for and provides the full spectrum of community services so that the client can achieve the identified goals.

Telecare provides FSP services, which are regulated by BWell’s policy #19.004 “MHSA Full Service Partnership”, which states that BWell may use MHSA CSS funds for:

1. The full spectrum of community services when the cost is effective and consistent with the beneficiary's Individual Services and Support Plan.
2. Short-term acute inpatient treatment when the beneficiary is uninsured or no other funds are available.

On June 28, 2022, the County Board of Supervisors authorized the Department of Behavioral Wellness to enter into an Agreement with Telecare (BC 22-031) (Attachment B), for the provision of Adult Mental Health services for the period of July 1, 2022, through June 30, 2024. Telecare is the Department’s contracted provider for Adult/Older Adult FSP services in the Santa Maria area. As an FSP, Telecare provides the full spectrum of services, using a “whatever it takes” approach to those who meet criteria for FSP services. FSP services include non-mental health services including, but not limited to: Food, Clothing, Housing (including, but not limited to, rent subsidies, housing vouchers, house payments, residence in a drug/alcohol rehabilitation program), and transitional and temporary housing, cost of health care treatment, and cost of treatment of co-occurring conditions, such as substance abuse and respite care. These additional non-mental health services and supports may be funded with Client Expense funds and the proposed contract amendment includes specific funding for these additional supports. Funding will be determined on a case-by-case basis, and can only be used when no other funding sources are available.

CalAIM Payment Reform

CalAIM is a multi-year California Department of Health Care Services (DHCS) initiative to improve the quality of life and health outcomes of our population by implementing broad delivery system, program, and payment reform across the Medi-Cal program. The behavioral health components of CalAIM are designed to support whole-person, integrated care; move the administration of Medi-Cal behavioral health to a more consistent and seamless system by reducing complexity and increasing flexibility; and improve quality outcomes, reduce health disparities, and drive delivery system transformation and innovation through improvements to behavioral health policies and the launch of behavioral health payment reform. The majority of these policy changes launched in 2022, but implementation will continue through 2027.

Through realignment efforts in 1991 and 2011, funding for the majority of the non-federal share of costs associated with the Specialty Mental Health Services (SMH) and Substance Use Disorder (SUD) services became the responsibility of the counties. Currently, counties are reimbursed for these programs via

Medicaid Certified Public Expenditure (CPE) methodologies. Under the CPE structure, reimbursements to counties are limited to costs incurred by the counties and are subject to a lengthy and labor-intensive cost reconciliation process. The CalAIM Behavioral Health Payment Reform initiative seeks to move counties away from cost-based reimbursement to enable value-based reimbursement structures that reward better care and quality of life for Medi-Cal beneficiaries. Payment reform will transition counties from cost-based reimbursement funded via CPEs to fee-for-service reimbursement funded via Intergovernmental Transfers (IGTs), eliminating the need for reconciliation to actual costs. CalAIM Payment Reform has resulted in significant changes to contract boilerplate language and the entire payment and reimbursement structure for Medi-Cal providers. In response, providers have renegotiated their rates as they transition to a fee-for-service-based payment, resulting in a higher maximum contract amount.

Contingency Payment and Contingency Cost Settlement

During this fiscal year, BWell implemented a new electronic health record system, SmartCare, that CBOs are required to use for submitting claims for payment. The claiming functionality of the new SmartCare application was delayed by approximately 10 months resulting in limited to no data on the amount of services approved by Medi-Cal during this time period. CBOs rely on this data, in part, to track and adjust service delivery to ensure that their costs are being covered. BWell also relies on this data to monitor whether provider rates are sufficient to cover the anticipated cost of service. BWell has determined that there is a need to amend the six proposed CBO contracts to add contingency settlement terms specifically for FY 23-24, which give CBOs the option for reimbursement based on cost or the fee-for-service schedule. This is in consideration of the extenuating claiming issues and to ensure that local CBOs are compensated for services performed. BWell is also recommending adding contingency payment provisions to the agreements to reflect the change in payment terms should system implementation issues arise again. The contingency payment and settlement provisions do not alter the maximum contract amounts set forth in Exhibit B.

Board Contract Exhibit B-3 (Entity Rates and Codes by Service Type) Changes

The Exhibit B-3 identifies the fee-for-service rates for Medi-Cal specialty mental health services, which are based, in part, on State issued rates. BWell requires the ability to update contractor rates when new codes are added, rates are added or amended by the State, or for operational reasons.

Medicare Changes

Starting January 1, 2024, Medicare began to cover mental health services for new practitioner types, including Marriage and Family Therapist, Clinical Psychologist, Clinical Social Worker, Professional Clinical Counselor, Nurse Practitioner, Physician Assistant, and Medical Doctor. This change necessitates an update to the agreements to identify the contractor's role and responsibilities for clients that are eligible for both Medicare and Medi-Cal as well as the claims processing and payment parameters.

BWell requests to amend the Agreement for Services of Independent Contractor with Telecare to implement CalAIM Behavioral Health Payment Reform changes through the implementation of new financial provisions effective July 1, 2023. Approval of the recommended actions will allow the County to maintain compliance with DHCS requirements and implement the new payment methods necessary for partnership with providers.

Performance Outcomes and Measures

The Agreement contains performance measures to monitor implementation and improve staff proficiency.

For FY 22-23, Telecare achieved the following:

- **Telecare FSP Santa Maria (Santa Maria Adult/Older Adults FSP)** – They met 6 of their 9 goals. They served an average of 80 clients per quarter with an average of six (6) discharges per quarter.
 - Goals met were:
 - 1) 7% received emergency care for physical health with a goal of 10% or less;
 - 2) 4% were hospitalized for physical health reasons with a goal of 5% or less;
 - 3) 2% were incarcerated with a goal of 5% or less;
 - 4) 91% had stable/permanent housing with a goal of 90% or more;
 - 5) 34% were engaged in a purposeful activity with a goal of 15% or more;
 - Goals not met were:
 - 1) 6% of clients admitted to acute psychiatric inpatient care with a goal of 5% or less;
 - 2) 43% were discharged to a lower level of care with a goal of 85% or more;
 - 3) 30% were discharged to a higher level of care with a goal of 15% or less;
 - 4) 10% showed improvement on MORS with a goal of 20% or more.
- **McMillan Ranch** - They met 4 of their 8 goals. They served an average of 10 clients per quarter with an average of 1 discharge per quarter.
 - Goals met were:
 - 1) There were no acute psychiatric inpatient admissions with a goal of 5% or less;
 - 2) 8% were hospitalized for physical health reasons with a goal of 10% or less;
 - 3) There were no incarcerations with a goal of 5% or less;
 - 4) 90% were engaged in a purposeful activity with a goal of 15% or more;
 - 5) 60% were discharged to a lower level of care with a goal of 85% or more;
 - Goals not met were:
 - 1) 28% received emergency care for physical health with a goal of 10% or less;
 - 2) 90% had stable/permanent housing with a goal of 95% or more;
 - 3) 40% were discharged to a higher level of care with a goal of 15% or less.
- **Carmen Lane CRT** - They met all 7 goals. They served an average of 29 clients per quarter with an average of 26 discharges per quarter.
 - Goals met were:
 - 1) 6% of clients were admitted to acute psychiatric inpatient care with a goal of 10% or less;
 - 2) 6% received emergency care for physical health with a goal of 10% or less;
 - 3) 5% were hospitalized for physical health reasons with a goal of 10% or less;
 - 4) 2% had incidents requiring a higher level of supervision with a goal of 5% or less;
 - 5) 1% were incarcerated with a goal of 5% or less;
 - 6) 91% were discharged to a lower level of care with a goal of 85% or more;
 - 7) 9% were discharged to a higher level of care with a goal of 15% or less.
- **Agnes CRT** - They met all 7 goals. They served an average of 33 clients per quarter with an average of 31 discharges per quarter.
 - Goals met were:
 - 1) 8% of clients were admitted to acute psychiatric inpatient care with a goal of 10% or less;

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- 2) 3% received emergency care for physical health with a goal of 10% or less;
- 3) 1% were hospitalized for physical health reasons with a goal of 10% or less;
- 4) 2% of incidents required a higher level of supervision with a goal of 5% or less;
- 5) 1% were incarcerated with a goal of 5% or less;
- 6) 92% were discharged to a lower level of care with a goal of 85% or more;
- 7) 8% were discharged to a higher level of care with a goal of 15% or less.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Funding Sources</u>	<u>FY 22-23</u>	<u>FY 23-24</u>	<u>Total</u>
General Fund			
State	\$ 4,318,903.50	\$ 717,943.00	\$ 5,036,846.50
Federal	\$ 1,800,263.50		\$ 1,800,263.50
Fees			\$ -
Other: Medi-Cal Patient Revenue		\$ 5,923,007.00	\$ 5,923,007.00
Total	\$ 6,119,167.00	\$ 6,640,950.00	\$ 12,760,117.00

Narrative: The above-referenced agreement is funded by a combination of State and federal funds. With the transition to CalAIM Payment Reform, the contract will be funded with Medi-Cal Patient Revenue, which primarily consists of federal funds. The amount of federal funds varies based on the procedure code as well as the client's Medi-Cal aid code. The funding sources are included in the FY 22-23 and FY 23-24 adopted budgets.

Key Contract Risks:

As with any contract funded by State and Federal sources, there is a risk of future audit disallowances and repayments. The agreement includes language requiring the contractor to repay any amounts disallowed in audit findings, minimizing financial risks to the County.

Special Instructions:

Please email one (1) complete, executed contract and one (1) minute order to M. Simon-Gersuk at: msimongersuk@sbcbswell.org and to bwelcontractsstaff@sbcbswell.org.

Attachments:

Attachment A: Telecare Corporation FY 22-24 Board Contract First Amendment

Attachment B: Telecare Corporation FY 22-24 Board Contract (BC 22-031)

Authored by:

A. Foschaar