



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:** December 12, 2023  
**Placement:** Administrative  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department Antonette Navarro, LMFT, Director  
Director(s) Behavioral Wellness, (805) 681-5220  
Contact Info: John Winckler, LMFT, Division Chief of Clinical Operations  
(805) 681-5220  
**SUBJECT:** Crestwood Behavioral Health, Inc. First Amendment to the FY 21–24 Services Agreement for Mental Health Services

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**County Counsel Concurrence:**

As to form: Yes

**Auditor-Controller Concurrence:**

As to form: Yes

**Other Concurrence:** Risk Management

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- a. Approve, ratify, and authorize the Chair to execute a First Amendment to the Agreement for Services of Independent Contractor with **Crestwood Behavioral Health, Inc.** (not a local vendor) (BC 21-034) to implement California Advancing and Innovating Medi-Cal (CalAIM) Behavioral Health Payment Reform changes to the Agreement and increase the FY 23-24 amount by \$57,865 in Mental Health funding for a new total contract maximum amount not to exceed **\$4,107,865**, inclusive of \$1,350,000 for FY 21-22, \$1,350,000 for FY 22-23, and \$1,407,865 for FY 23-24, for the period of July 1, 2021, through June 30, 2024;
- b. Delegate to the Director of the Department of Behavioral Wellness or designee the authority to increase the daily rate up to a maximum of \$600/day with total fee-for-service reimbursement, subject to the amount specified in the Exhibit B-1 MHS for Medi-Cal Patient Revenue, and reallocate between the contract allocations on the Exhibit B-1 MHS at his/her discretion to increase or decrease the incentive payment, without altering the maximum contract amount and without requiring the Board's approval of an amendment to the Agreement, subject to the Board's ability to rescind this delegated authority at any time; and
- c. Determine that the above actions are government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment, and are 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 approval of the First Amendment to the Crestwood Behavioral Health, Inc. (Crestwood) Board Contract to add California Advancing and Innovating Medi-Cal initiative language to remain in compliance with the California Department of Healthcare Services (DHCS) regulations and increase the FY 23-24 amount by \$57,865 for a new total contract maximum amount not to exceed \$4,107,865.

**Background:**

On June 22, 2021, the County Board of Supervisors authorized the Agreement with Crestwood (BC 21-034) (Attachment B), for the provision of adult crisis residential mental health services in south Santa Barbara County for the period of July 1, 2021 through June 30, 2024. A Crisis Residential Treatment 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 supports 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. Typically, these services are provided to clients upon discharge from a Psychiatric Health Facility (PHF).

The Department of Behavioral Wellness (BWell) requests to amend the Agreement for Services of Independent Contractor with Crestwood Behavioral Health to implement CalAIM Behavioral Health Payment Reform changes through the implementation of new financial provisions effective July 1, 2023.

**CalAIM Payment Reform**

California Advancing and Innovating Medi-Cal (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. 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:** Crestwood had the following Performance Outcomes for FY 22-23:

**Crestwood Crisis Residential Treatment Services**

Crestwood served an average of 25 clients per quarter and discharged an average of 26 clients per quarter. Crestwood met 6 of their 8 goals; 7% of clients were admitted to acute psychiatric inpatient care with the goal of 10% or less; 4% of clients received emergency care for physical health with a goal of 10% or less; 0% of clients were hospitalized for physical health with the goal of 10% or less; 5% of clients had incidents requiring higher level of supervision with the goal of 5% or less; 0% of clients were incarcerated with the goal of 5% or less; and 90% of clients were discharged to lower level of care with the goal of 90%.

Of the 2 goals Crestwood did not meet; 89% of clients were discharged with discharge plans with the goal of 100%; and 59% of clients with discharge plans had stable/permanent housing (or housing plans) upon discharge with goal of 100%.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

<b><u>Funding Sources</u></b>	<b><u>FY21-22</u></b>	<b><u>FY 22-23</u></b>	<b><u>FY 23-24</u></b>	<b><u>Total FY 21-24</u></b>
General Fund				
State	\$ 675,000	\$ 675,000	\$ 172,895	\$ 1,522,895
Federal	\$ 675,000	\$ 675,000		\$ 1,350,000
Fees	\$ -	\$ -	\$ -	\$ -
Other: Medi-Cal Patient Revenue	\$ -	\$ -	\$ 1,234,970	\$ 1,234,970
<b>Total</b>	<b>\$ 1,350,000</b>	<b>\$ 1,350,000</b>	<b>\$ 1,407,865</b>	<b>\$ 4,107,865</b>

**Fiscal Analysis:**

Narrative: The above-referenced contract is funded by state and federal funds. Medi-Cal Patient Revenue is the fee-for-service revenue generated from patient services and is primarily funded with federal funds. The amount of federal funds varies depending on the client’s aid code with youth services receiving a higher percentage of federal financial participation. DHCS’ new Medi-Cal rate structure has prompted service providers to increase rates as they transition to a fee-for-service based payment, resulting in a higher maximum contract amount. The funding sources are included in the FY 23-24 Adopted Budget.

**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 Amber Foschaar at: [cfoschaar@sbcbswell.org](mailto:cfoschaar@sbcbswell.org) and to [bwelcontractsstaff@sbcbswell.org](mailto:bwelcontractsstaff@sbcbswell.org)

**Attachments:**

- Attachment A: Crestwood Behavioral Health, Inc FY 21-24 Board Contract First Amendment
- Attachment B: Crestwood Behavioral Health, Inc FY 21-24 Board Contract (BC 21-034)

**Authored by:**

A. Foschaar