

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



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

Agenda Number:
Prepared on: 6/6/03
Department Name: Alcohol, Drug & Mental Health
Department No.: 043
Agenda Date: 7/01/03
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: James L. Broderick, Director
Alcohol, Drug, and Mental Health Services (ADMHS)

STAFF CONTACT: Al Rodriguez, Manager, ADMHS - Alcohol and Drug Program
(805) 681-5442

SUBJECT: Professional Service Contracts for Alcohol and Drug Program (ADP)

Recommendation(s):

That the Board of Supervisors:

- A. Execute a Negotiated Net Amount (NNA) treatment service agreement with Casa Serena Inc., for the period July 1, 2002 through June 30, 2003, increasing a purchase agreement amount by \$48,990 to \$146,500 to allow for additional treatment services.
- B. Execute an amendment to the existing NNA service contract with the Council on Alcoholism and Drug Abuse, increasing the provisional funding by \$187,500 to allow for payment of late invoices. The total three-year (FY 00-03) NNA contract amount increases from \$1,659,329 to \$1,846,829.

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with Goal No. 2. A Safe and Healthy Community in Which to Live, Work, and Visit.

Executive Summary and Discussion:

Casa Serena and the Council on Alcoholism and Drug Abuse (CADA) provide treatment services to clients under the Substance Abuse and Crime Prevention Act (SACPA-Prop 36) program. The State Department of Alcohol and Drug Programs (ADP) allocates state and federal revenue to counties for the provision of substance abuse, prevention and treatment services and provides reimbursement to counties for such services. The proposed amendments reflect increased services and retroactive adjustments in the invoicing for the entire year, all of which exceeded the FY 02-03 third-quarter expenditure review conducted by ADP.

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The agreement with Casa Serena is a professional service contract for residential treatment and other housing services for addicted pregnant women or women with children and who are enrolled in various programs, including the SACPA program. In FY 02-03, the initial purchase agreement for Casa Serena was issued at \$98,510; however, due to the local courts increased recognition that addicted women enrolled in SACPA can benefit from residential services, this agency experienced a higher than anticipated level of referrals. This resulted in an increased demand for perinatal services of \$48,900 which is over the \$100,000 limit authorized by the Purchasing Agent and now requires Board approval.

The proposed final amendment for the three-year agreement for the Council on Alcoholism and Drug Abuse reflects a decrease in Prevention services along with an increase in SACPA (Prop 36) treatment and drug testing services provided in FY 02-03. There are two contributing factors to this increase in costs for this contract. The first reflects the decision of two other treatment providers within the County to withdraw from the service system, resulting in the redirecting of clients to other providers, including CADA. The second factor is a result of our monitoring activities. In the third quarter of FY 02-03, ADMHS/ADP accounting and program staff conducted a site review to test CADA's methodology for billing ADMHS. During this site visit, Department staff determined that CADA's methodology for calculating their units of service was incorrect and underrepresented their actual activities, requiring a re-invoicing to ADMHS for services conducted retroactive to the first of the fiscal year. CADA completed this process in approximately four weeks and upon review, this corrected billing resulted in a potential increase of \$200,300 in SACPA services and \$30,200 in Perinatal Services, along with a \$43,000 decrease in prevention services. The combination of these two factors resulted in a net potential increase to the Department of \$187,500 above CADA's current contract total, which is fully reimbursed by the State.

ADMHS is taking steps to provide CADA's program and fiscal staff with technical assistance to ensure that their invoicing methods are compliant with County and State protocols. The proposed amendment will allow the department the flexibility to reimburse CADA for reasonable costs upon review of unresolved invoices and final year-end cost reports.

SACPA provisions allow for service providers to be reimbursed for SACPA-related costs, however late in the fiscal year they may occur. In addition, the direct role the courts have in referring clients out into the treatment system contributes significantly to possible end of the year cost increases with local contractors. While ADP conducts a strenuous mid-year review process, the number of clients referred to local providers by the courts may even exceed ADMHS' most timely trend reports. In an effort to minimize similar late year invoicing in the future, ADMHS/ADP is reviewing the SACPA provisions in an effort to improve our mid-year cost projections. We are also in the process of reviewing our contract amendment processes, including our use of the authority given by your Board to the Department's Director that allows departmental amendments to occur providing that any such amendment or modification does not exceed ten (10%) of the original total contract value.

Approval of this action will allow Casa Serena and the Council on Alcoholism and Drug Abuse to be reimbursed for the increased service delivery they provided in FY 02-03; and will authorize the Director of Alcohol, Drug, and Mental Health Services to approve future amendments to the proposed contract for Casa Serena.

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Mandates and Service Levels:

In accepting state or federal funds earmarked for alcohol and drug program services, counties are obligated to comply with federal and state laws, regulations, and administrative policies specified as a condition of the receipt of funds.

Each of the contractors provides NNA treatment services consisting of individual and group counseling. For Casa Serena, the funding increase will result in the County purchasing an additional 4 beds of supportive residential treatment for addicted women with children. For CADA, this increase will result in an additional 135 SACPA (Prop 36) clients seen over the previous year. Approval of this action will allow county residents to continue to receive perinatal and treatment services.

Fiscal and Facilities Impacts:

The recommended action has no impact on the General Fund Contribution. The revenue which supports these treatment services has been appropriated in the adopted Alcohol, Drug and Mental Health Services' (ADMHS) budget for FY 02-03. The total provisional amount of these contracts is \$930,650 in FY 02-03. Actual funding amounts are contingent upon the final year-end cost reports. The expenditures are included in the Recommended Budget 2002/3, ADP – Treatment Services, on page D – 144. This action will not result in a need for any additional facilities.

Special Instructions:

Please return a copy of each contract to:

Al Rodriguez, ADMHS-Alcohol and Drug Manager
Alcohol, Drug & Mental Health Services
300 N. San Antonio Road
Santa Barbara, CA 93110

Concurrences:

Auditor-Controller
Risk Management