



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: CEO  
Department No.: 012  
For Agenda Of: August 14, 2012  
Placement: Departmental  
Estimated Time: 20 minutes  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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**TO:** Board of Supervisors  
**FROM:** Department Chandra L. Wallar, County Executive Officer  
Director(s)  
Contact Info: Terri Nisich, Assistant County Executive Officer, 568-3400

**SUBJECT:** ADMHS Request for Proposal – Contract Award - Health Management Associates

**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. Receive report from staff and;
- B. Award the contract for the Analysis and Assessment of the ADMHS Inpatient Service System delivery model (including acute psychiatric inpatient services, crisis residential and Institutions for Mental Disease (IMD)) and recommendations on service delivery models vs. current facility service model (Project 1) of the full Request for Proposal regarding: *Analysis and Recommendations for Inpatient and Outpatient Service Delivery Models, Revenue Cycle Management and Business Practices* in the amount of \$115,000 to Health Management Associates (HMA) (not a local vendor) and;
- C. Authorize the Chair to execute the contract upon return of the consultant's executed contract documents, and the review and approval of the County Counsel, Auditor-Controller, and Risk Manager or their authorized representatives and;
- D. Determine that these activities are exempt from California Environmental Quality Act review per CEQA Guideline Section 15061(b) (3).

**Summary Text:**

This item is on the agenda in order for the Board of Supervisors to receive a report from staff and award a contract in the amount \$115,000 to Health Management Associates (HMA) for the purpose of providing consulting services regarding the Analysis and Assessment of the ADMHS Inpatient Service System delivery model (including acute psychiatric inpatient services, crisis residential and Institutions for Mental Disease (IMD)) and recommendations on service delivery models vs. current facility service model. HMA will specifically be reviewing inpatient care, Project 1.

**Background:**

On April 23, 2012, the County Executive Office received proposals from eight firms in response to a notice of Request for Proposals (RFP). The purpose of this was to seek a qualified consultant or team of consultants to provide a comprehensive review of the Alcohol, Drug and Mental Health Services (ADMHS) System department including financial processes, inpatient and outpatient operations, and service delivery options, internal control and support systems, procedures and practices including revenue cycle management and fiscal/cost reporting strategies to ensure optimal service delivery and compliance with all generally accepted government accounting, auditing and legal standards and contractual and regulatory requirements of the state and federal government.

The County previously formed multidisciplinary teams to assist ADMHS enhance finance systems reporting and program compliance. Over the last several years, various fiscal, operational and programmatic improvements have been made to address operational challenges and increase compliance with state and federal requirements. The RFP serves as a vehicle to seek external assistance evaluating multiple aspects of the ADMHS System of Care in order to assess and offer solutions to both continued and emerging challenges as well as affirm recent process and system changes.

The deliverables for consultant services included written findings and recommendations for enhancement of overall service delivery, proposed correction strategies and action plans to address the following:

1. Identification and implementation of best practices models for inpatient and outpatient service delivery and financing;
2. Ensuring that all compliance requirements are met;
3. Mitigation of claim denials and audit disallowances.

Based on their skills, abilities, and depth of experience the consultants were invited to present proposals on any combination of projects set forth within the RFP. Eight firms provided proposals to the County. In order to thoroughly review the proposals a team composed of internal and external stakeholders was formed. Those serving on the review team included: Terri Nisich, Assistant CEO; Dr. Takashi Wada, Director of Public Health; Dr. Ann Detrick, Director of ADMHS, Chief Don Patterson, Santa Barbara County Sheriff Department; Dr. Ole Behrendtsen, Medical Director ADMHS; Suzanne Jacobsen, CFO Public Health Department; Michelle Brenner, Mental Health Commission; Ann Marie Cameron, Community Service Provider; Dr. Manuel Casas, Mental Health Commission; and Michael Vellekamp, Mental Health Commission. In addition, Tom Alvarez, Budget Director; Mike Evans, CFO for ADMHS; were consulted regarding the capability and experience of firms in the finance area.

Following a thorough review of proposals, firms were ranked via a weighted systems assessing overall response to the RFP and ability and experience to perform the services requested. The top five firms were then interviewed to gain a more thorough understanding of capabilities as it related specifically to the needs expressed in the RFP. Based on the interview, firms were then ranked based on the overall criteria:

- Ability to derive tangible benefits to clients
- Depth of fiscal expertise
- Knowledge of California mandates and Medi-Cal System experience
- Record of program and systems enhancements
- Knowledge of national perspective on health care delivery system
- Team's confidence in ability to get job done

Based on the rigorous selection process, two firms were selected to address the projects/services requested in the RFP. The projects include the following:

**Project 1: (Recommended award to Health Management Associates on August 14, 2012)**

Perform a comprehensive analysis and assessment of the ADMHS Inpatient Service System delivery model (including acute psychiatric inpatient services, crisis residential and Institutions for Mental Disease (IMD)) and provide options and recommendations on service delivery models vs. current facility service model. Specific items for review include but are not limited to:

1. Identify and evaluate all alternative opportunities for inpatient bed service delivery within the County as a means to provide high quality services in an efficient and cost effective manner.
2. Compare and contrast licensing and accreditation standards of the various models.
3. Determine whether the department's current inpatient service system delivery model is the optimal structure and sustainable given the level of service and overall needs of County.
4. Identify any legal and compliance issues related to the intake process, and identify recommendations and opportunities for improvement to effectively manage inpatient psychiatric facility function and enhance service delivery.
5. Evaluate and make recommendations regarding patient mix.

**Project 2:**

Perform a comprehensive analysis and assessment of the ADMHS Outpatient systems service delivery for adult and children systems of care and clinic operations and contract provider services. The analysis must contain all facets of operation including financial best practices, operations, internal systems and support and compliance with all state and federal standards and guidelines. Specific items for review include but are not limited to:

1. Analyze the current outpatient system internal clinic operations, considering adult and children's services, and make recommendations for improvements over the following areas:

**Financial Operations:**

- Analysis of funding sources and structure for programs, including use of Mental Health Services Act funds to ensure that sources are utilized in the most beneficial manner.
- Review of comparable county funding sources and program structures.
- Analysis of patient/payer mix and the sustainability of the current service model.
- Evaluate completeness of billing cycle and charges (including federal and state, patient, insurance, as applicable).
- Evaluate processes and procedures for claiming Medi-Cal reimbursement.
- Analysis of denial rates and reasons for denials.
- Analysis of revenue management practices and financial management activities across funding streams utilized including reimbursements, grants, private pay and outside insurance companies.
- Analysis of compliance with all legal contractual and regulatory requirements of federal and state governments.

**Programmatic Operations:**

- Identify opportunities for optimum service delivery for outpatient internal clinic systems.
- Evaluate client referral processes.

- Evaluate composition of staffing, including analysis of productivity, deployment, and staff qualifications needed to provide services.
  - Compare of the current staffing model to other counties and provide recommendations.
2. Analyze the current outpatient system's contracted (provider) operations, considering adult and children services, and make recommendations over the following areas:

**Financial Operations:**

- Analysis of funding sources and structure for programs, including use of Mental Health Services Act funds to ensure that sources are utilized in the most beneficial manner.
- Review comparable county funding sources and program structures.
- Analysis of patient mix and the sustainability of the current service model.
- Evaluate completeness of billing charges (including federal and state, patient, insurance, as applicable).
- Evaluate processes and procedures for claiming Medi-Cal reimbursement.
- Analysis of denial rates and reasons for denials.
- Analysis of revenue management practices and financial management activities across funding streams utilized including reimbursements, grants, private pay and outside insurance companies.
- Analysis of compliance with all legal contractual and regulatory requirements of federal and state governments.

**Programmatic Operations:**

- Identify opportunities to provide optimum service delivery for outpatient clinic contracted (provider) systems.
- Review client referral processes.
- Evaluate composition of staffing, including analysis of productivity, deployment, and staff qualifications needed to provide services.
- Compare the current staffing model to other counties and make recommendations.

**Project 3:**

Perform a comprehensive analysis and assessment of the business practices of ADMHS' systems for its adult and children systems of care considering compliance with all state and federal standards and guidelines. Specifically, analyze the following systems and make recommendations for improvement, including an action plan to remedy any issues regarding:

**Systems and Support:**

- Adequacy of intake procedures, including charting and coding, ensuring that adequate information is efficiently captured to meet billing and compliance requirements.
- Capacity to produce reports and meet billing needs.
- Technology systems capacity and strategy.
- Internal controls and compliance with generally accepted accounting standards and state and federal standards and guidelines.
- Business practices and Quality assurance processes.
- External service provider contracting, oversight and program compliance.
- Cost reporting practices, include an evaluation of opportunities for improvement and identify any areas that may be at risk of audit adjustment.

**Project 4:**

Conduct analysis and evaluate pros and cons and provide recommendations for service integration and/or consolidation of functions and services provided through County of Santa Barbara Health & Human Services Departments in order to provide optimum behavioral and physical health services and necessary support systems. Utilizing:

- Findings and recommendations of independent review of inpatient and outpatient service review and ADMHS business systems analysis commissioned by the County of Santa Barbara County Executive Office (2012),
- Best practices and emerging trends in behavioral and physical health care service delivery including patient centered approach,
- Mandates set forth within federal and state health care reform;
- Current and projected county wide health service needs

Project four was added at the direction of the Board of Supervisors and not represented in the initial RFP.

### **The Selected Firm – Project 1**

As noted within the RFP offering, the County has the ability to award contract for services requested for individual projects or all projects referenced within the RFP. Therefore, based on an overall analysis of the capabilities of all firms, the firm of HMA has been selected *to provide an analysis of the ADMHS Inpatient Service System delivery model (including acute psychiatric inpatient services, crisis residential and Institutions for Mental Disease (IMD)) and options and recommendations on service delivery models vs. current facility service model.*

HMA is a firm specializing in the fields of health systems restructuring, health care program development, health economics and finance, program evaluation and data analysis. Founded in 1985, the firm based in Michigan, maintains 15 offices including an office in Southern California. The firm has extensive experience in the design and implementation of health programs, system development and behavioral health care. They have assisted a variety of public health systems including Contra Costa County and Los Angeles County. HMA has also previously conducted work for the County of Santa Barbara via the Public Health Department's exploration of the Low Income Health Care Coverage Initiative. HMA also has a strong background in public engagement and outreach in order to gain a thorough understanding of the overall needs of the County system and community served.

HMA will work under the direction of the County Executive Office and work collaboratively with the County Executive Advisory Committee on Behavioral Health. This committee was recently formed to offer additional internal and external stakeholder support to this effort and provide feedback and insight regarding behavioral health related programs and needs within the community to the County Executive Officer.

### **Fiscal and Facilities Impacts:**

Funding for the contract was allocated during the 2012-13 budget adoption from Contingency 9898 to County Executive Office Program 1000-7510 (Contractual Services). Per the Board of Supervisors direction the Scope of Services provided via the consultant has been amended to review the pros and cons of service integration and/or County department consolidation. This project is referenced above as Project 4.

**Special Instructions:** Direct the Clerk of the Board to send a copy of the minute order to the County Executive Office, Attn.: Sonia Thompson.

**Attachments:** Contract (including Scope of Work)

**cc:** Ann Detrick, Director ADMHS