



**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

Submitted on:
(COB Stamp)

Department Name: Behavioral Wellness
Department No.: 043
Agenda Date: June 23, 2026
Placement: Administrative Agenda
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Director: Antonette Navarro, LMFT, Director 
Department of Behavioral Wellness

Contact Info: Laura Zeitz, RN, Assistant Director for PHF, Crisis Services & Long Term Care, Department of Behavioral Wellness

SUBJECT: Service Agreement with Crestwood Behavioral Health, Inc. for Crisis Residential Treatment Services for Fiscal Year 2026-28; Adult Residential Facility Services; Mental Health Rehabilitation Center Services; Skilled Nursing Facility Services; and Training Services for Fiscal Year 2026-29

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve and authorize the Chair to execute an Agreement for Services of Independent Contractor with Crestwood Behavioral Health, Inc. (not a local vendor) for the provision of crisis residential treatment services with an end program date of June 30, 2028; adult residential facility services; mental health rehabilitation center services; skilled nursing facility services; and training services for a total maximum contract amount not to exceed \$5,814,680, inclusive of \$2,464,840 for fiscal year (FY) 2026-27, \$2,494,840 for FY 2027-28, and \$855,000 for FY 2028-29, for the period of July 1, 2026 through June 30, 2029;
- b) Delegate to the Director of the Department of Behavioral Wellness or designee the authority to (i) make immaterial changes to the Agreement as provided in Section 25 of the Agreement's Standard Terms and Conditions; (ii) approve exclusion of members from receiving services per Section 9 of Exhibit A-4 of the Agreement; (iii) amend the program goals, outcomes, and measures per Section 15 of Exhibits A-4 through A-7 of the Agreement and per subsection 5.B.4. of Section III of Exhibit AA ADP/MHS (applicable to programs described in Exhibits A-4 through A-7) of the Agreement; (iv) increase the caseload of more than five County members

per Section 6 of Exhibit A-5 of the Agreement; (v) suspend, delay, or interrupt the services under the Agreement for convenience per subsection 1.F. of Section I of Exhibit AA ADP/MHS (applicable to program described in Exhibits A-4 through A-7) of the Agreement; (vi) reallocate funds between funding sources per subsection D.1 of Section 1 of Exhibit B ADP/MHS (applicable to programs described in Exhibits A-4 through A-7) of the Agreement; (vii) increase the daily bed rate up to a maximum of \$600/day per subsection B.2. of Section 3 of Exhibit B ADP/MHS (applicable to program described in Exhibit A-4) of the Agreement; (viii) incorporate new codes, make fee-for-service rate changes to Exhibits B-1 and B-3 MHS per subsection B.3. of Section 3 of Exhibit B ADP/MHS (applicable to program described in Exhibit A-4) of the Agreement; (ix) make rate changes to or otherwise update Exhibit B-1 and B-3 MHS for multi-year contracts annually per subsection B.4. of Section 3 of Exhibit B ADP/MHS (applicable to program described in Exhibit A-4) of the Agreement; (x) may agree to pay for other rates for special circumstances besides those listed in Exhibit B-1 MHS per subsection D.1. of Section 3 of Exhibit B ADP/MHS (applicable to programs described in Exhibits A-5 through A-7) of the Agreement; (xi) approve funding that cannot be moved between programs by Contractor and reserve the right to reallocate between programs in the year-end settlement per Section 6.A. of Exhibit B ADP/MHS (applicable to program described in Exhibits A-4 through A-7) of the Agreement; (xii) withhold payment for non-submission of service data and other information per subsection 7.D. of Exhibit B ADP/MHS (applicable to program described in Exhibits A-4 through A-7) of the Agreement; (xiii) deny or withhold payment for unsatisfactory clinical documentation per subsection 7.E. of Exhibit B ADP/MHS (applicable to program described in Exhibits A-4 through A-7) of the Agreement; and (xiv) may adjust the maximum daily rate to accommodate members with acute needs, additional monitoring, or medical complexity as provided in Exhibit B-1 MHS (applicable to programs described in Exhibits A-5 through A-7) of the Agreement, all without altering the maximum contract amount and without requiring the Board's approval of an amendment of the Agreement, subject to the Board's ability to rescind this delegated authority at any time; and

- c) Determine that the above-recommended actions are not a project that is subject to environmental review under the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines section 15378(b)(4), finding that the actions are governmental funding mechanisms and/or fiscal activities that will not result in direct or indirect physical changes in the environment.

Summary Text:

The Board of Supervisors is requested to authorize the Chair to renew an agreement with Crestwood Behavioral Health, Inc. (Crestwood), for the provision of crisis residential treatment (CRT) services at the County-owned building located in the south region of Santa Barbara County (Second District), with a program end date of June 30, 2028. The CRT facility provides a therapeutic milieu with an emphasis on positive reinforcement and trauma-informed programming.

The renewal includes an intensive residential program located in Bakersfield, California, which provides mental health rehabilitation services, residential care and room and board, transitional residential care and room and board to adults (aged 18 and over) with severe mental illness (SMI).

Also part of this renewal are institutions for mental disease (IMD) services. This includes mental health rehabilitation center (MHRC) and skilled nursing facility (SNF) with special treatment program (STP) certification, as well as training services provided through Crestwood Recovery and Resilience Solutions (CRRS).

The IMD facilities provide highly structured, intensive residential mental health treatment for Santa Barbara County Medi-Cal members transitioning from locked IMDs. Services include diagnosis, treatment, and care of individuals with serious mental illness (SMI), including medical attention, nursing care, and related support services.

Discussion:

Crestwood's institutions for mental disease (IMD) facilities are located in Kern, San Joaquin, Alameda, Sacramento, Stanislaus, and Santa Clara Counties, and provide intensive psychiatric mental health treatment, medical assessment, diagnosis, and monitoring, and treatment groups for members, including those diagnosed with co-occurring disorders in a locked setting. These skill-building and symptom-management services are designed to support members in returning to community living as soon as possible.

Crestwood operates the Bakersfield Bridge House, an Adult Residential Facility (ARF) that provides intensive residential program services for individuals who are at high risk for acute inpatient or long-term residential care, for up to a maximum of 18 months, or longer if clinically necessary. Services are provided 24 hours a day, seven days per week.

Crestwood operates the Crisis Respite Residential House (CRRH), a licensed CRT facility, in the South County region of Santa Barbara County at 66 South San Antonio Road in Santa Barbara. The CRRH provides short-term crisis residential services typically, for approximately 30 days, within a therapeutic milieu that emphasizes positive reinforcement and trauma-informed care.

Crestwood Recovery and Resilience Solutions (CRRS), a division of Crestwood Behavioral Health, Inc., provides training services through the Behavioral Health Services Act (BHSA) Workforce, Education, and Training component. The training is designed to provide a competency-based learning experience for individuals who supervise and/or are members of Santa Barbara County and aligns with the foundational practices, skills, and professional standards of CRRS's Peer Support Learning curriculum for the 21st century. The Medi-Cal approved Peer Support Specialist Certification Training is required for all Department Peer Support Specialists to complete within their first year of employment.

Approval of the recommended actions will allow BWell to continue to provide essential mental health, ancillary, and workforce training services without interruption.

Background:

BWell provides a continuum of specialty mental health services (SMHS) to Santa Barbara County residents, through a combination of County-operated and contracted providers, including institutions for mental disease (IMDs). IMDs are facilities including hospitals, skilled nursing facilities (SNFs), mental health rehabilitation centers (MHRCs), or other institutions with more than 16 beds that primarily provide diagnosis, treatment, or care of persons with SMI, including medical attention, nursing care, and related services. These facilities provide a continuum of care ranging from acute psychiatric treatment to long-term recovery-oriented services for individuals with SMI.

Due to the federal IMD exclusion, these services are not reimbursable by Medi-Cal for members between the ages of 21 and 65. There are a limited number of these highly structured residential treatment services in California, and none in Santa Barbara County. As a result, BWell contracts with IMDs that are licensed as Acute Psychiatric Hospitals (APH), SNFs with STP, and MHRCs. Due to limited bed availability at each IMD, BWell contracts with a number of IMDs throughout the State to deliver services at various levels of care, ensuring Medi-Cal members receive continuous support without

interruptions. BWell also contracts with IMD-alternative facilities, which are unlocked facilities providing highly structured programs for members transitioning out of IMDs.

A CRT facility is a safe and therapeutic environment where members 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 members upon discharge from a Psychiatric Health Facility (PHF). A Crisis Residential Treatment Program (CRTP) is designed to provide short-term, intensive mental health support in a structured, home-like setting as an alternative to hospitalization.

An ARF is a non-medical care, 24-hour residential care facility that provides support and supervision to adults who require assistance with daily living activities but do not require ongoing medical care. ARFs primarily serve adults aged 18 and older who may have developmental disabilities, mental health conditions, or physical disabilities. These facilities aim to create a supportive and home-like environment where residents can live with dignity and receive the necessary assistance to maintain their independence.

A MHRC, as defined in Title 9 California Code of Regulations (C.C.R.), is a 24-hour program which provides intensive support and rehabilitative services designed to assist persons, 18 years or older, with mental disorders who would have been placed in a State hospital or another mental health facility to develop skills to become self-sufficient and capable of increasing levels of independence and functioning.

SNFs, as defined in Title 22 C.C.R. § 72103, are health facilities or a distinct part of a hospital which provides continuous skilled nursing care and supportive care to patients whose primary need is for skilled nursing care on an extended basis. They provide 24-hour inpatient care and, at a minimum, include physician, skilled nursing, dietary, pharmaceutical services, and an activity program. SNFs provide a STP serving members who have chronic psychiatric impairment and whose adaptive functioning is moderately impaired. STP services are therapeutic services, including prevocational preparation and prerelease planning, provided to mentally disordered persons having special needs in one or more of the following general areas: self-help skills, behavioral intervention training, and interpersonal relationships. These skill-building and symptom-management services are designed to support members in returning to community living as soon as possible.

BWell has contracted with Crestwood since 1999 to provide IMD MHRC services – spanning over two decades – and has contracted for CRT services since May 2019. In September 2024, BWell also began contracting with Crestwood for training services. BWell's longstanding partnership with Crestwood remains an important component of BWell's adult residential mental health system.

Performance Measure:

The agreement with Crestwood identifies program goals, outcomes and measures in Section 15 of Exhibits A-4 through A-7. The program goals are to assist members in their mental health recovery process by:

- supporting members to develop independent living skills and psychological and social skills necessary for recovery,
- maintaining member's residential placement at the lowest appropriate level, and/or enable member to successfully move to a lower level of care,

- providing 24/7 in-person support and care in a therapeutic environment for delivering health care services,
- developing strategies for reducing substance use symptoms resulting in reduced utilization of involuntary care and emergency rooms by increasing adaptive behaviors, and
- improving or restoring the social and functional skills necessary to lead independent, healthy and productive lives in the community.

Contract Renewals:

Performance Outcomes

The following summary highlights performance outcomes for programs operated by the following contracted Community-Based Organization (CBO), Crestwood Behavioral Health, Inc., including CRT, ARF, and IMDs (MHRC and SNF).

In FY 2025-26, program performance was evaluated across two domains: Mental Health Symptom Acuity and Stabilization in the Community, which together assess client stability and community-based outcomes. Overall, programs performed well across both domains.

CRT – FY 2025-26 Q1 & Q2.

Crestwood CRT served an average of 38.3 members per quarter, with an average of 31.3 new enrollments per quarter and an average of 31.7 discharges.

- Mental Health Symptom Acuity: All goals met: no members were incarcerated, 3% of members were hospitalized, and 6% experienced a crisis service during the reporting period.
- Stabilization in the Community: The program met the targets related to successful discharges (85%) and involuntary discharges (0%).

ARF, MHRC, and SNF – FY 2025-26 Q1 & Q2.

Crestwood IMD served an average of 6.3 members per quarter, with 0 new enrollments and an average of 1 discharges per quarter.

- Mental Health Symptom Acuity: No members were incarcerated during the reporting period (0%). The program did not meet target related to inpatient psychiatric admissions (21%). However, these results should be interpreted cautiously given the low numbers of individuals served.
- Stabilization in the Community: The program met the targets related to successful discharges (100%) and involuntary discharges (0%).

Fiscal Analysis:

The above-referenced agreement is funded with a combination of State and federal funds.

The CRT is funded with fee-for-service Medi-Cal Patient Revenue, which primarily consists of federal funds, with Behavioral Health Services Act (BHSA) providing the local match. The amount of federal funds is contingent on the member's aid code and the State-issued rate for the service.

ARF and IMD services (including MHRC and SNF) are funded with State Realignment, and Training Services are funded with BHSA.

There is no additional cost to the General Fund. Funding for this agreement was included in the FY 2026-27 Recommended Budget and will be included in future departmental proposed budgets, subject to the Board of Supervisors’ approval.

CRT

Funding Source	FY 2026-27	FY 2027-28	Total
State - BHSA	\$145,895	\$145,895	\$291,790
Other: Medi-Cal Patient Revenue	\$1,518,945	\$1,518,945	\$3,037,890
Total	\$1,664,840	\$1,664,840	\$3,329,680

ARF, MHRC, and SNF

Funding Source	FY 2026-27	FY 2027-28	FY 2028-29	Total
State - Realignment	\$795,000	\$825,000	\$850,000	\$2,470,000
Total	\$795,000	\$825,000	\$850,000	\$2,470,000

Training Services

Funding Source	FY 2026-27	FY 2027-28	FY 2028-29	Total
State - BHSA	\$5,000	\$5,000	\$5,000	\$15,000
Total	\$5,000	\$5,000	\$5,000	\$15,000

Due to the federal IMD exclusion, IMD services are not reimbursable by Medi-Cal for members between the ages of 21 and 65. The recommended contract will be funded through existing IMD and Acute Hospital contract savings and an unanticipated increase in Realignment Revenue by the State.

As with any contract funded by State sources, there is a risk of future audit disallowances and repayments. BWell contracts include language requiring contractors to repay any amount disallowed in audit findings, minimizing financial risks to County.

Special Instructions:

Please email one (1) complete, executed copy of the above contract and one (1) Minute Order to sarriaga@sbcbswell.org and to bwellcontractsstaff@sbcbswell.org.

Attachments:

Attachment A – Crestwood Behavioral Health FY 2026-29 Board Contract (signature required)

Contact Information:

Svetlana Arriaga
 Contracts Analyst
sarriaga@sbcbswell.org