



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: December 17, 2024  
Placement: Administrative  
Estimated Time:  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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**TO:** Board of Supervisors  
**FROM:** Department Director(s): Antonette Navarro, LMFT, Director  
Department of Behavioral Wellness, (805) 681-5220  
Contact Info: Katie Cohen, Psy.D., LMFT, Division Chief of Clinical Operations  
Department of Behavioral Wellness, (805) 681-5220  
**SUBJECT:** PathPoint FY 22-25 Third Amendment to the Services Agreement for Mental Health and Other Supportive Services

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**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, ratify, and authorize the Chair to execute a Third Amendment to the Agreement of Services of Independent Contractor with **PathPoint** (a local vendor) (BC 22-008) to increase pay rates to Contractor staff and add an additional incentive for Full Service Partnership requirements by adding language for Full Service Partnership (FSP) Incentive Payment to the MHS Financial Provisions for FY 23-25; and adding \$98,856 to the maximum contract amount for FY 24-25 for a revised total maximum contract amount not to exceed **\$9,694,789**, inclusive of \$2,565,895 for FY 22-23; \$3,515,019 for FY 23-24; and \$3,613,875 for FY 24-25, for the period of July 1, 2022, through June 30, 2025;
- b) Delegate to the Director of the Department of Behavioral Wellness or designee the authority to suspend, delay, or interrupt the services under the Agreement for convenience per Section 20 of the Agreement, make immaterial changes to the Agreement per Section 26 of the Agreement; authorize additional services per Exhibits A-2, A-3, and A-4 of the Agreement, approve of alternative hours of operation and coverage per Exhibit A-4 of the Agreement; approve of Medi-Cal subsidy reallocation, reallocate funds between funding sources, adjust the provisional rate with discretion, and 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 of the Agreement, and amend the goals, measures and outcomes in Exhibit E, all without altering the Maximum Contract Amount and without requiring the Board’s approval of an amendment to the Agreement, subject to the Boards ability to rescind this delegated authority at any time; and
- c) Determine that the above actions are 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 the Board of Supervisors (Board) to approve the Third Amendment to the multiyear Agreement with PathPoint, (BC 22-008). PathPoint is a community-based organization that provides various specialty mental health services. This Third Amendment is requested to increase pay rates to the Contractor staff and add an additional incentive for Full Service Partnership requirements by adding language for Full Service Partnership (FSP) Incentive Payment to the Mental Health Services (MHS) Financial Provisions for FY 23-25; and add \$98,856 to the contract maximum for a new total contract maximum amount not to exceed **\$9,694,789**, inclusive of \$2,565,895 for FY 22-23, \$3,515,019 for FY 23-24, and \$3,613,875 for FY 24-25. The increase of the contract maximum will allow the Contractor to ensure continuity of services and, through greater staff retention, serve more residents of Santa Barbara County. Currently, Contractor staff pay is below market rate, resulting in negative affects to staff retention. This increase will allow the Contractor to pay market rates for all staff, specifically Outreach Specialists in (Residential Support Services) RSS and Case Managers in Supportive Community Services (Formerly Paths to Recovery "PTR").

**Background:**

The Behavioral Wellness Department (BWell) provides specialty mental health services to Medi-Cal beneficiaries and other individuals to the extent resources allow, in part, through contracted services. PathPoint provides various specialty mental health services to adults with serious mental illness pursuant to County's obligations under the Mental Health Plan Agreement and the Mental Health Services Act.

PathPoint provides mental health case management services through their Residential Support Services program for residents of the El Carrillo, Artisan Court, and Bradley Studios apartments, located in Santa Barbara. In addition, PathPoint's Supportive Community Services program provides treatments, rehabilitative, and supportive services to clients with serious mental illness. The services help individuals obtain and keep community housing in independent living arrangements. PathPoint also operates two intensive residential programs, Mountain House and Phoenix House.

**Full Service Partnership**

The Mental Health Services Act, 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, 2. Prevention and Early Intervention, 3. Innovation, 4. Capital Facilities and Technological Needs, 5. Workforce Education and Training. Community Service Support Services is the largest of the five components whose funding is used to provide direct services to adults and other 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 Community Service Support component has the following service categories: Full Service Partnership (FSP) Services, Outreach and Engagement (O&E) Services, General System Development (GSD).

PathPoint provides FSP Services, which are regulated by BWell's policy #19.004 "MHSA Full Service Partnership", which states that BWell may use MHSA Community Service Support 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 (ISSP).
2. Short-term acute inpatient treatment when the beneficiary is uninsured or no other funds are available.

On May 31, 2022, the County Board of Supervisors authorized the Department of Behavioral Wellness to enter into an Agreement with PathPoint (BC 22-008), for the provision of mental health and residential supported housing services, for the period of July 1, 2022 through June 30, 2025. PathPoint is the Department's contracted provider for South Community Full Service Partnership services in the South County area. FSP services include non-mental health services, which means the provider may provide non-mental health services and supports ("client expense funds") including, but not limited: 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.

### **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 who-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 and Substance Use Disorder services became the responsibility of the counties. Previously, counties were reimbursed for these programs via Medicaid Certified Public Expenditure (CPE) methodologies. Under the CPE structure, reimbursements to counties were limited to costs incurred by the counties are subject to a lengthy and labor-intensive cost reconciliation process. The CalAIM Behavioral Health Payment Reform initiative effective July 1, 2023, moved 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 transitioned counties from cost-based reimbursement funded via CPEs to fee-for-service reimbursement funded via Intergovernmental Transfers, 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 they transition to a fee-for-service based payment, resulting in higher maximum contract amount.

On October 17, 2023, the County Board of Supervisors approved the First Amendment to the Agreement to align with the changes from the CalAIM Behavioral Health Payment Reform changes. Doing so allowed PathPoint to provide additional services and mental health resources to BWell clients, allowed the County to maintain compliance with DHCS requirements and implement the new payment methods necessary for partnership with providers.

### **Contingency Payment and Contingency Cost Settlement**

On June 18, 2024 The County Board of Supervisors approved an agreement template amending the Mental Health provider Agreements for Services of Independent Contractor, to add contingency payment and contingency cost settlement provisions and to incorporate changes for Medicare practitioner billing and State rate changes, with no change to the maximum contract amounts. The agreement template also reflected changes to the Agreement language to identify contractors' role and responsibilities for clients that are eligible for both Medicare and Medi-Cal as well due to changes made by Medicare on January 1, 2024, to cover mental health services for new practitioner types, including Marriage and Family Therapists, Clinical Psychologists, Clinical Social Workers, Professional Clinical Counselors, Nurse Practitioners, Physician Assistants, and Medical Doctors. The Second Amendment to the Agreement of Services for PathPoint for FY 22-25 was executed using this template on June 27, 2024.

BWell now requests Board Approval of the Third Amendment to the Agreement, to increase pay rates to Contractor staff and add an additional incentive for Full Service Partnership requirements by adding language for FSP Incentive Payment to the MHS Financial Provisions for FY 23-25; and to add \$98,856 to the contract maximum for a new total contract maximum amount not to exceed **\$9,694,789**. These changes will allow the Contractor and BWell to ensure continuity of services and, through greater staff retention, ultimately serve more residents of Santa Barbara County.

### **Performance Measure:**

The FY 22-25 Agreement contains performance measures to monitor implementation and improve staff proficiency. Program goals, outcomes, and measures can be found in Exhibit E of the Agreement.

### **Performance Outcomes:**

During FY 2023 - 2024 PathPoint accomplished the following:

**1. Phoenix House: They served an average of 12.8 clients per quarter.**

Goals Met: 6 out of 8

5% of clients received acute psychiatric inpatient care **with a goal of 5% or less;**

5% received emergency care for physical health **with a goal of 10% or less;**

2% received inpatient physical health treatment **with a goal of 10% or less;**

There were no incarcerations (0%) **with a goal of 5% or less;**

95% had stable/permanent housing **with a goal of 95% or more;**

71% were engaged in a purposeful activity **with a goal of 40% or more.**

Goals Unmet: 2 out of 8

There were 2 discharges, which was to a higher level of care so the two discharge goals were not met.

0% of dischargers were to lower level of care **with a goal of 85% or more;**

and 100% were discharged to higher level of care **with a goal of 15% or less.**

**2. Mountain House: They served an average of 14.8 clients per quarter.**

Goals Met: 4 out of 8

3% of clients received acute psychiatric inpatient care **with a goal of 5% or less;**

5% of clients received inpatient physical health treatment **with a goal of 10% or less;**

2% of clients were incarcerated **with a goal of 5% or less;**

55% were engaged in purposeful activities **with a goal of 40% or more**

Goals Unmet: 4 out of 8

13% of clients received emergency care for physical health **with a goal of 10% or less;**

93% of clients had stable/permanent housing **with a goal of 95% or more;**

1 discharge to lower level of care (17%) **with a goal of 85% or more;**

3 discharges to higher level of care (67%) **with a goal of 15% or less.**

**3. South Community FSP: They served an average of 115.5 clients per quarter with an average of 4.3 discharges per quarter.**

Goals Met: 6 out of 8

4% received acute psychiatric inpatient care **with a goal of 5% or less;**

8% received emergency care for physical health **with a goal of 10% or less;**

3% received inpatient physical health treatment **with a goal of 5% or less;**

No clients (0%) were incarcerated **with a goal of 5% or less;**

93% had stable/permanent housing **with a goal of 90% or more;**

47% were engaged in purposeful activities **with a goal of 40% or more.**

Goals Unmet: 2 out of 8

11 clients (70%) were discharged to a lower level of care **with a goal of 85% or more;**

6 clients (30%) were discharged to a higher level of care **with a goal of 15% or less.**

**4. Residential Supportive Services: They served an average of 22 clients per quarter with 1 discharge for the fiscal year.**

Goals met: 6 out of 8

3% received acute psychiatric inpatient care **with a goal of 5% or less;**

5% were hospitalized for physical health **with a goal of 5% or less;**

No clients (0%) were incarcerated **with a goal of 5% or less**;  
 100% had stable/permanent housing **with a goal of 95% or more**;  
 There were 4 discharges to lower level of care (100%) **with a goal of 85% or more**;  
 0 discharges were to higher level of care with **with a goal of 15% or less**.  
Goals Unmet: 2 out of 8  
 10% received emergency care for physical health **with a goal of 5% or less**;  
 33% were engaged in purposeful activities **with a goal of 40% or more**

**Fiscal and Facilities Impacts:**

**Budgeted: Yes**

**Fiscal Analysis:**

<b>Funding Sources</b>	<b>FY 22-23</b>	<b>FY 23-24</b>	<b>FY 24-25</b>	<b>Total</b>
General Fund				
State	\$ 274,723	\$ 367,832	\$ 388,290	<b>\$1,030,845</b>
Federal	\$ -	\$ -	\$ -	\$ -
Fees	\$ -	\$ -		\$ -
Other: Medi-Cal Patient Revenue	\$2,291,172	\$3,147,187	\$3,225,585	<b>\$8,663,944</b>
<b>Total</b>	<b>\$ 2,565,895</b>	<b>\$ 3,515,019</b>	<b>\$ 3,613,875</b>	<b>\$ 9,694,789</b>

**Narrative:**

The above-referenced Agreement is funded with a combination of State and Federal funds. With the transition to CalAIM Payment Reform, the fee-for-service portion of the contract will be funded with Medi-Cal Patient Revenue which primarily consists of Federal funds. The amount of Federal funds is contingent on the client’s aid code and the State issued rate for the service. The Non-Medi-Cal portion of the contract is funded by Mental Health Service Act (MHSA) funding. Funding associated with this contract is included in the FY 2024-25 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 through the State’s auditing process. This contract includes language requiring the contractor to repay any amounts disallowed in audit findings, minimizing financial risks to County.

**Special Instructions:**

Please email one (1) Minute Order and one (1) complete copy of the executed Amendment to Sara Hernandez [sahernandez@sbcbswell.org](mailto:sahernandez@sbcbswell.org) and the BWell Contracts Division at [bwellcontractsstaff@sbcbswell.org](mailto:bwellcontractsstaff@sbcbswell.org).

**Attachments:**

- Attachment A** - PathPoint FY 22-25 BC 22-008 Third Amendment
- Attachment B** - PathPoint FY 22-25 BC 22-008 Second Amendment, Executed
- Attachment C** - PathPoint FY 22-25 BC 22-008 First Amendment, Executed
- Attachment D** - PathPoint FY 22-25 BC 22-008 Executed

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