



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: ADMHS
Department No.: 043
For Agenda Of: May 19, 2015
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: 4/5

TO: Board of Supervisors
FROM: Department Alice Gleghorn, Ph.D., Director
Director(s) Alcohol, Drug, and Mental Health Services, 681-5220
Contact Info: Suzanne Grimesey, Chief Strategy Officer, 681-5220
SUBJECT: ADMHS FY 14-15 Contract Amendments – Institutions for Mental Disease and Budget Revision Request

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- 1) Approve and authorize the Chair to execute the Second Amendment to the Agreement for Services of Independent Contractor with **Crestwood Behavioral Health Center, Inc.** (not a local vendor), an institution for mental disease, to increase the contract by **\$200,000**, for a contract amount not to exceed **\$1,200,000** for FY 14-15, and a total contract amount not to exceed **\$3,200,000** through June 30, 2017.
- 2) Approve and authorize the Chair to execute the First Amendment to the Agreement for Services of Independent Contractor with **Merced Behavioral Center** (not a local vendor), an institution for mental disease, to increase the contract by **\$200,000**, for a contract amount not to exceed **\$400,000** for FY 14-15, and a total contract amount not to exceed **\$800,000** through June 30, 2017
- 3) Approve and authorize the Chair to execute the First Amendment to the Agreement for Services of Independent Contractor with **Sylmar Health and Rehabilitation Center** (not a local vendor) an institution for mental disease, to increase the contract by **\$400,000**, for a contract amount not to exceed **\$1,000,000** for FY 14-15, and a total contract amount not to exceed **\$2,200,000** through June 30, 2017.

Auditor-Controller Concurrence

As to form: Yes

- 4) Authorize the ADMHS Director to amend Exhibit B-1 (Schedule of Rates and Contract Maximum) in all applicable IMD contracts already approved by the Board, to approve rate increases and special rates for Institution for Mental Disease contracts, as published in part by the State Department of Health Care Services and also set by individual facilities, without returning to the Board with a separate amendment, so long as the total contract maximum is unchanged.
- 5) Approve a Budget Revision Request (BRR# 0003847) increasing appropriations of \$1,800,000 for FY 2014-15 in Alcohol, Drug and Mental Health Services Department, Mental Health Fund, for Services and Supplies funded by an operating transfer from the General County Programs Department General Fund, and increasing appropriations of \$1,800,000 in the General County Programs Department General Fund for Other Financing Uses funded by a release of Committed Fund Balance of \$1,800,000, for the following purposes:
 - a. IMD contract increases of \$800,000 included in this Board Letter;
 - b. Expenditures of \$250,000 under the Agreement with California Psychiatric Transitions, Inc. which was approved by the Board on January 6, 2015;
 - c. Expenditures of \$100,000 under a Purchase Order with Helios Healthcare, LLC, for IMD services;
 - d. Expenditures of \$450,000 under a contract with Psynergy, approved by the Board on July 1, 2014; and
 - e. Expenditures of \$200,000 under Purchase Orders with psychiatrists providing services to ADMHS clients at Aurora Vista del Mar.
- 6) Determine that the above actions are government fiscal activities or funding mechanisms which do not involve any commitment to any specific project which 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:

The Alcohol, Drug and Mental Health Services (ADMHS) Department provides a continuum of mental health and substance use disorder services to Santa Barbara County residents. Approval of the recommended actions will allow ADMHS to address the need for increased Institution for Mental Disease beds, as further described in this Board Letter, as well as continued needs of ADMHS clients appropriate for referral to these facilities. The increased beds described are not guaranteed, and are subject to availability of beds at these facilities. Actual bed usage may be higher or lower than anticipated.

During ADMHS' second quarter report (February 17, 2015), the Department reported a projected negative financial impact of \$4.6 million. The negative \$4.6 million included -\$3.5 million of inpatient costs (\$1.7 million of out of county Acute Psychiatric Hospital costs, including Aurora Vista del Mar, and \$1.8 million of IMD and Aurora Vista del Mar physician services costs) and the balance related to revenue shortfalls at the ADMHS Psychiatric Health Facility (PHF). On March 10, 2015, the Board approved \$1.7 million in funding to cover greater than anticipated costs for out of county inpatient hospitals. This Board Letter requests funds to cover the balance of the greater than projected inpatient

IMD and physician services costs of \$1.8 million. ADMHS will be returning to the Board before the end of the Fiscal Year with an update on Psychiatric Health Facility revenue shortfalls.

Background:

Institutions for Mental Disease (IMD): ADMHS provides a continuum of services, including inpatient treatment services to best meet the needs of individuals with severe mental illness. IMDs are facilities including hospitals, nursing facilities, or other institutions of more than 16 beds that are primarily engaged in providing diagnosis, treatment, or care of persons with mental illness, including medical attention, nursing care, and related services. Due to the Federal IMD Exclusion, these services are not reimbursable by Medi-Cal for clients 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. ADMHS contracts with IMDs that are licensed as Skilled Nursing Facilities with Special Treatment Patches, and Mental Health Rehabilitation Centers. Due to limited bed availability at each IMD, ADMHS contracts with a number of IMDs throughout the State to maximize the likelihood of finding an IMD bed when needed.

In FY 08-09, ADMHS reduced its contracts with local Board and Care providers in order to obtain a balanced budget. This resulted in reduced options for clients in Institutions for Mental Disease (IMDs) to return to the community in step-down levels of care. Since FY 08-09, ADMHS has seen a dramatic increase in clients requiring IMD placements, due in part to the following factors:

1. Stricter Audits of Traditional Skilled Nursing Facilities (SNFs): Historically, ADMHS has placed clients with co-occurring physical health conditions in traditional Skilled Nursing Facilities. Costs for these placements are paid directly by Medi-Cal and/or Medicare, and are not reimbursed with ADMHS funds. In recent years, the State has been more strictly auditing these facilities, and disallowing payments made for patients with co-occurring mental health issues. As a result, many traditional SNFs have stopped accepting ADMHS clients, and ADMHS must place these clients at more expensive SNFs with Special Treatment Programs (STPs) that are not reimbursable by Medi-Cal and/or Medicare for clients under age 65, resulting in higher IMD costs.
2. Aging Population: As the population of ADMHS clients continues to age, many develop co-occurring medical conditions that they are unable to manage in outpatient settings, and thus require skilled nursing care.
3. Lack of Step-Down Options in the Community: After rehabilitation at IMDs, some clients are ready to return to the community, but are not yet ready for independent living. As a result, clients must either remain at the IMD until they are ready to transfer to independent living (resulting in fewer IMD beds available for clients needing a higher level of care), or transfer to independent living in the community, which often fails due to lack of support and/or affordable housing options (resulting in homelessness which in turn results in hospitalization and eventual return to IMD-level care).

As a result of similar situations in other counties, the number of IMD beds throughout the State is limited, and placements are difficult to find, even with contracted facilities. The approximate number of beds noted below is not guaranteed to the County, and are subject to availability of a bed, as well as the

facility’s determination of whether a referred client is appropriate for the facility. This has resulted in a large number of clients placed at the Psychiatric Health Facility (PHF) on administrative status, awaiting availability of an IMD bed. This in turn results in increased hospitalization costs for ADMHS, as clients placed on 5150 holds must be placed at psychiatric hospitals out of County.

In order to holistically address these issues, ADMHS is bringing the following recommended contract increases:

Contractor	Approx. # of Beds (per day)	Summary
Crestwood	17	Crestwood offers a continuum of care including IMDs, IMD step-down facilities, Psychiatric Health Facilities (PHFs), and gero-psychiatric specialty programs. The contract with Crestwood is being amended to add program descriptions for both PHFs and gero-psychiatric programs, and rates for additional sites for all programs. Adding PHF facilities to the contract with Crestwood will add hospitalization options for clients who are placed out of County, decreasing the likelihood of a client needing a transport back to the Santa Barbara PHF during a crisis, allowing for continuity of care with IMD treatment staff, and increasing the likelihood that the client is able to return to their IMD placement. This amendment adds funds for approximately 3 IMD beds, for a total of 17. If clients are placed at step-down facilities, the contract will be able to accommodate a greater number of beds due to the lower rates.
Merced Behavioral Center	6	Merced Behavioral Center, located in Merced County, provides intensive psychiatric mental health treatment, medical assessment, diagnosis, and monitoring in a locked setting. This amendment provides funds for 3 additional beds, for a total of 6.
Sylmar Health and Rehabilitation Center	14	Sylmar is a locked facility for adults with severe mental illness located in Los Angeles County. Sylmar provides intensive psychiatric mental health treatment, medical assessment, diagnosis and monitoring, and treatment groups for clients, including those diagnosed with co-occurring disorders. This facility is able to accommodate medically complex or fragile individuals. This amendment provides funds for approximately 6 additional beds, for a total of 14.

This request expands existing contracts. Staff is currently working with system providers to appropriately assess current performance and to determine future performance objectives for all FY2015-2016 contracts.

Fiscal and Facilities Impacts:

Budgeted: No

Fiscal Analysis:

Funding Sources	Current FY Cost:	Annualized On-going Cost:	Total One-Time Project Cost
General Fund			\$ 1,800,000.00
State			
Federal			
Fees			
Other:			
Total		\$ -	\$ 1,800,000.00

Narrative: The current contracts with the above-referenced contractors are funded by State and County funds. IMD contracts are funded by State Realignment funds, which are limited funds used both as a match to Federal Financial Participation for Medi-Cal services, and to cover non-Medi-Cal services such as IMDs and emergency housing.

The funds identified in the table above are partially included in the FY 2014-15 Adopted budget, but there are not sufficient funds to cover the increased costs associated with the contract amendments. ADMHS’ Realignment allocation from the State does not increase when the demand for Realignment-funded services increases, necessitating the request for other County funds included with this Board Letter.

The \$1,800,000 expansion of IMD contracts (under both these amendments and other service agreements) will be funded by other County funds.

The actual usage of each IMD is unknown and may be lower than then contracted amount, based on bed availability, movement of clients between facilities, new clients entering IMDs, and clients stepping down to other facilities.

Key Contract Risks:

There is a risk that the number of contracted IMD beds may increase beyond what the department has projected. In that case, the department would return to the Board of Supervisors to request increases to the contract maximums where needed.

Special Instructions:

Please send one (1) minute order to admhscontractsstaff@co.santa-barbara.ca.us

Attachments:

1. Crestwood – 2nd Amendment
2. Crestwood – 1st Amendment
3. Crestwood – Agreement
4. Merced Behavioral Center – 1st Amendment
5. Merced Behavioral Center – Agreement
6. Sylmar – 1st Amendment
7. Sylmar – Agreement
8. BRR # 0003847

In addition, links to prior Board actions on items included in the BRR are provided below:

1. CPT Contract: <http://santabarbara.legistar.com/gateway.aspx?m=1&id=/matter.aspx?key=16514>
2. Psynergy Contract: <http://santabarbara.legistar.com/gateway.aspx?m=1&id=/matter.aspx?key=16048>

