



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: Behavioral Wellness
Department No.: 043
For Agenda Of: June 20, 2017
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Alice Gleghorn, Ph.D. Director
Director(s) Department of Behavioral Wellness, 684-5220
Contact Info: Pam Fisher, Pam Fisher, Psy.D., Deputy Director of Clinical
Operations, Behavioral Wellness, 681-5220
SUBJECT: Behavioral Wellness – Mental Health Amendments FY 16-17

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: NA

Recommended Actions:

That the Board of Supervisors:

- A. Approve, ratify, and authorize the Director of the Department of Behavioral Wellness to execute amendments to the Behavioral Wellness' Mental Health (MH) agreements in accordance with the attached template amendment, to eliminate the County Maximum Allowable rate (CMA) for FY 16-17, but with no change to the maximum contract amounts, for the following MH providers:
 1. Casa Pacifica - FY 16-17 First Amendment
 2. Child Abuse Listening and Mediation, Inc. - FY 16-17 First Amendment
 3. Community Action Commission – FY 16-19 First Amendment
 4. Council on Alcoholism and Drug Abuse - FY 16-17 Third Amendment
 5. Family Service Agency - FY 16-17 Second Amendment
 6. Good Samaritan Shelter, Inc. - FY 16-17 Fourth Amendment
 7. PathPoint - FY 16-19 First Amendment
 8. Telecare Corporation - FY 16-19 First Amendment
 9. Transitions Mental Health Association - FY 16-17 First Amendment

- B. Determine that these activities are exempt from California Environmental Quality Act (CEQA) review per CEQA Guidelines Section 15378(b)(5), as government organizational or administrative activities that do not involve commitment to a specific project that may result in a potentially significant physical impact on the environment.

Summary Text:

The Santa Barbara County Department of Behavioral Wellness provides a continuum of mental health services to Santa Barbara County residents, in part through contracted providers including Community Based Organizations (CBOs).

This item is on the agenda to remove the County's mental health CMA limitation clause for the specific CBOs listed above for FY 16-17 only. The CMA rate limitation is not a Federal or State requirement. Rather, it is a locally imposed contractual restriction to ensure that cost of service delivery remains within anticipated levels. This year, due to changes implemented at Behavioral Wellness to improve the service documentation process, many CBOs experienced a temporary decline in services levels as more clinical staff time was spent focusing on documentation to ensure compliance with Medi-Cal standards. This caused the per unit rate of service to rise above the CMA. A one-time removal of this contractual restriction is necessary to ensure that contractors do not incur large cost settlements as a result of the implementation of enhanced documentation standards imposed by Behavioral Wellness' QCM. Behavioral Wellness anticipates less services disallowed by the state during the audit process resulting from the documentation improvements.

Approval of the recommended actions will allow these affected CBO agencies to avoid possible cash shortfalls while being compensated at levels within their original FY 16-17 contract funding allocations. Effective with this change, contractor settlement for services will be adjusted to the lower of the Contractor's published charge(s) to the general public as approved by the Contractor's governing board or the Contractor's actual costs.

Background:

For FY 16-17 the Behavioral Wellness' QCM division implemented enhancements in documentation and quality standards to improve compliance with the Medi-Cal billing process. As these enhanced quality standards were implemented, contractor and County clinical staff were spending increased time documenting services. This led to a temporary decline in the volume of rendered services as less contractor staff time was available for service delivery.

The reduction in the volume of total services, in turn, resulted in unit cost rates in excess of the CMA rate as the same clinical costs were spread over less services. Based on existing policy and financial provisions, a contractor would not be able to fully utilize their FY 16-17 contract funding allocation as the costs in excess of the CMA limit would not be reimbursed at cost settlement time. This would result in estimated unreimbursed costs of up to \$2.2M to County CBO organizations, a significant financial hardship to these partner organizations.

After careful and thorough consideration, executive management at Behavioral Wellness has decided that removing the CMA limitation for FY 16-17 is warranted and in the best interest of the County and contract agencies. This would allow contractors to recover the full cost of their service delivery for FY 16-17 in accordance with the federal financial participation (FFP) process. The impact to the County would be minimal, as any County matching funds are already contemplated in the adopted budget and in existing contracts.

In FY 17-18 and beyond, the CMA rate will be enforced as it has been in prior years as it is an appropriate measure of cost effectiveness. The expectation is that service levels will continue to increase as providers fully implement the documentation standards. Behavioral Wellness has seen an increase in service levels in the last quarter of FY 16-17 and expects the trend to continue.

The approval of this recommendation will allow Behavioral Wellness to eliminate for FY 16-17 each of the listed mental health contractor's CMA limitation clause efficiently according to a standardized template approved by the Board, without needing to bring each individual contract to the Board. With approval of the Board, Behavioral Wellness will update and individualize each MH contractor listed above with an amendment based on the attached template amendment, which states that for FY 16-17, the CMA limitation clause will not apply.

Fiscal and Facilities Impacts:

Budgeted: There are no budget impacts. The adopted FY 16-17 budget is based on maximum contract amounts and this amendment does not alter existing contract maximum amounts.

Fiscal Analysis:

Narrative: Behavioral Wellness will have to utilize existing matching funds (Realignment, MHSA) to provide a maximum 50% match to additional Federal funds received from removal of the CMA limitation. Matching funds will not be in excess of amounts already considered in the 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. If Behavioral Wellness does not make this amendment, the County will be contractually required to limit contractor reimbursement to the CMA rate and contractors will have to use their existing funds or fundraise to pay for these unreimbursed costs estimated at \$2.2M. Some providers may have increased difficulties covering this contract deficiency which may result in significant financial hardship.

Special Instructions:

Please return one (1) Minute Order to Denise Morales: dmorales@co.santa-barbara.ca.us.

Attachments:

Attachment A: MH CMA FY 16-17 Contract Amendment Template

Authored by:

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