



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:** September 1, 2015  
**Placement:** Administrative  
**Estimated Time:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Department Alice Gleghorn, Ph.D., Director  
Director(s) Alcohol, Drug & Mental Health Services 681-5220  
Contact Info: Dr. Ole Behrendtsen, MD, Medical Director  
Alcohol, Drug & Mental Health Services 681-5220

**SUBJECT:** Fiscal Year 15-16 ADMHS Out-of-County Client Services Agreements

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**County Counsel Concurrence**

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

1. Approve, ratify and authorize the Chair to execute an Agreement for Services of Independent Contractor with **Aurora Vista del Mar Hospital** (not a local vendor), for the provision of Acute Inpatient Services, for a total contract amount not to exceed **\$2,000,000** for the period of July 1, 2015 through June 30, 2016.
2. Approve, ratify and authorize the Chair to execute an Agreement for Services of Independent Contractor with **California Psychiatric Transitions** (not a local vendor), an Institution for Mental Disease, for a total contract amount not to exceed **\$250,000** for the period of July 1, 2015 through June 30, 2016.
3. Determine that these activities are exempt from California Environmental Quality Act review per CEQA Guidelines Section 15378(b)(5) since the recommended actions are government administrative activities which do not involve commitment to any specific project which may result in potentially significant physical impact on the environment.

**Summary Text:**

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**Auditor-Controller Concurrence**

As to form: Yes

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, including inpatient mental health treatment services. Approval of the recommended actions will allow ADMHS to continue to provide mental health services mandated by the California Welfare and Institutions Code. The contract with Aurora Vista Del Mar will fill a need for acute care when the Santa Barbara County Psychiatric Health Facility (PHF) is at full capacity, and the contract with California Psychiatric Transitions fills a need for ongoing residential services.

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.

**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 address these issues, ADMHS is bringing the following recommended requests:

**Aurora Vista del Mar (AVDM):** Acute psychiatric hospitals are used only for clients with emergency mental health needs who are determined to be a danger to themselves or others, or who are gravely disabled pursuant to Welfare and Institutions Code §5150, and meet medical necessity criteria, as defined in the California Code of Regulations Title 9 §1820.205. When the County's 16-bed Psychiatric Health Facility (PHF) is full, Santa Barbara County clients are placed at other out-of-county acute psychiatric hospitals, primarily AVDM. The contract with AVDM provides funding for up to nine (9) County clients per day.

This contract reflects changes to several standard terms and conditions recently negotiated between ADMHS and AVDM, including termination for convenience, indemnity and insurance. Based on the longstanding relationship between the parties, these revisions are not considered contract risks.

**California Psychiatric Transitions (CPT):** Institutions for Mental Disease (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, Medi-Cal does not provide reimbursement for treatment at these highly structured residential facilities for clients between the ages of 21 and 65. There are a limited number of these facilities in California and none in Santa Barbara County. Therefore, ADMHS is currently responsible for approximately 110 clients residing in IMD-level placements outside of Santa Barbara County.

Located in Delhi, Merced County, CPT provides two on-site psychiatrists, a medical doctor, and 24-hour nursing staff. CPT also provides individualized care in highly structured programs focusing on activities of daily living, interactive groups, work programs, helping clients learn social and domestic skills that will prepare them for reentry into the community, and minimizing the occurrence of disruptive behaviors. The contract with CPT provides funding for up to three (3) ADMHS clients per day.

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

Budgeted: Yes

**Fiscal Analysis:**

General Fund	\$	1,300,000.00			
State	\$	950,000.00			
Federal					
Fees					
Other:					
Total	\$	2,250,000.00	\$	-	\$ -

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The above referenced contracts are funded by General and State funds. The funding source is included in the FY 2015-16 Proposed Budget. Execution of these contracts may result in future increased use of general fund dollars by ADMHS if actual utilization is higher than budgeted. ADMHS will return to the Board should the actual utilization of IMD beds exceed the availability of State funding.

**Key Contract Risks:**

There is risk that the number of contracted IMD and IMD-alternative 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 email one (1) complete copy of each executed contract and one (1) minute order to: [admhscontractsstaff@co.santa-barbara.ca.us](mailto:admhscontractsstaff@co.santa-barbara.ca.us)

**Attachments:**

1. Aurora Vista del Mar FY 15-16 Contract
2. California Psychiatric Transitions FY 15-16 Contract