



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: May 8, 2018
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: Christie Boyer, CPA Associate Director of Finance, 681-5231
SUBJECT: Behavioral Wellness – Mental Health Amendments FY 17-19

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 adjust the County Maximum Allowable (CMA) rate for FY 2017/18, and for FY 2018/19 as applicable, but with no change to the maximum contract amounts, for the following MH providers:
1. Casa Pacifica – FY 17/18 First Amendment
 2. Child Abuse Listening and Mediation, Inc. – FY 17/18 First Amendment
 3. Community Action Commission – FY 16/19 Second Amendment
 4. Council on Alcoholism and Drug Abuse – FY 17/18 Second Amendment
 5. Family Service Agency – FY 17/18 Second Amendment
 6. Good Samaritan Shelter, Inc. – FY 17/18 First Amendment
 7. PathPoint – FY 16/19 Third Amendment
 8. Telecare Corporation – FY 16/19 Second Amendment
 9. Transitions Mental Health Association – FY 17/18 Second Amendment
 10. Anka Behavioral Health – FY 17-18 First Amendment
 11. Mental Wellness Center – FY 17/18 Third Amendment
 12. Crescend Health – FY 17/18 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). These contractors are reimbursed based on the lower of their cost, published charges, or the CMA rate. This item is on the agenda to provide a 19.4% increase to the CMA rate for the specific CBOs listed above for FY 2017/18 and any subsequent fiscal years included in the contract term.

Background:

The CMA rate was established in FY 2012/13 after the Department of Health Care Services (DHCS) removed the State Maximum Allowable (SMA) rate limitation for mental health services. The CMA was kept as a local restriction to ensure that the per-minute cost of service delivery remained within prescribed levels. It is no longer a State or Federal requirement and therefore Behavioral Wellness must monitor the rate and recommend adjustments when necessary. The Department monitors contractor costs, rates, and service levels quarterly through a rate review process. Recent trends indicate a need to increase the CMA rate to account for the increased costs incurred by contractors. After careful and thorough consideration, executive management at Behavioral Wellness has concluded that adjusting the FY 2017/18 CMA rate by 19.4% is warranted and in the best interest of the County and contract agencies. For contracts extending into FY 2018/19, the 19.4% CMA increase would be applied to next year's rates as well. An increase to the rate is justified as the rate has not been adjusted since it was first set by the County in FY 2012/13. Contractors have incurred rising operational costs over the years primarily related to salaries and benefits and leasing space. Contractors need the ability to provide cost of living increases to employees to retain staff and remain competitive with the County and other local employers.

An adjustment to the CMA rate is also necessary to ensure that contractors do not incur significant cost settlements with the County. 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 2017/18 contract funding allocations.

Based on existing policy and financial provisions, a contractor would not be able to fully utilize their FY 2017/18 contract funding allocation as the costs in excess of the CMA limit would not be reimbursed at cost settlement. This would result in estimated unreimbursed costs of up to \$2.6M to County CBO organizations, a significant financial hardship to these partner organizations.

An adjustment to the CMA rate would allow contractors to recover the full cost of their service delivery for FY 2017/18 in accordance with the federal financial participation (FFP) process. The impact to the County would be minimal, as any County matching funds to the federal programs are already contemplated in the adopted budget and in existing contracts.

The approval of this recommendation will allow Behavioral Wellness to adjust the CMA rate in the Exhibit B-1 for each of the listed mental health contractors, 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 includes the new CMA rates.

Fiscal and Facilities Impacts:

Budgeted: There are no budget impacts. The adopted FY 2017/18 budget is based on maximum contract amounts and this amendment does not alter existing contract maximum amounts.

Fiscal Analysis:

Behavioral Wellness will have to utilize existing matching funds (Realignment, MHSA) to provide a maximum 50% match to additional Federal funds received from the adjustment 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 existing CMA rate and contractors will have to use their existing funds or fundraise to pay for these unreimbursed costs estimated at \$2.6M. 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 BWellContractsStaff@co.santa-barbara.ca.us.

Attachments:

Attachment A: MH CMA FY 17-19 Contract Amendment Template

Authored by:

Christie Boyer, CPA