



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 7/16/2024

To: Sonoma County Board of Supervisors
Department or Agency Name(s): Department of Health Services
Staff Name and Phone Number: Tina Rivera 707-565-4774
Vote Requirement: Majority
Supervisorial District(s): Countywide

Title:
DHS Delegated Authority for Service Agreements

Recommended Action:

- A) Authorize the Director of the Department of Health Services, or designee, to execute Behavioral Health placement and service agreements and/or amendments, subject to review and approval as to form by County Counsel, for Fiscal Year 2024-2025 of up to \$71,983,894 that will end June 30, 2025, and up to \$66,110,749 for certain multi-year contracts ending no later than June 30, 2029 and contingent on the approval of future fiscal years' funding availability.
- B) Authorize the Director of the Department of Health Services, or designee, to execute an agreement with Santa Rosa Behavioral Healthcare Hospital, subject to review and approval as to form by County Counsel, for reimbursement of associated administrative costs incurred by the County for the term of July 1, 2024, through June 30, 2025, resulting in revenue to the Department of Health Services of \$250,000.
- C) Authorize the Director of the Department of Health Services, or designee, to execute participation agreements, and any amendments or documents related thereto within delegated authority levels as outlined in Sonoma County's procurement policy, with California Mental Health Services Authority, including: Quality Measures and Performance Improvement Program through December 31, 2024; State Hospital Program through June 30, 2025; Statewide Prevention and Early Intervention through June 30, 2026; and Inter-Member Transfer, a.k.a. Presumptive Transfer through June 30, 2025; and new agreements received in fiscal year 2024-2025, subject to review and approval as to form by County Counsel.

Executive Summary:

The Sonoma County Department of Health Services (hereinafter, "DHS" or "the Department") contracts with a broad range of providers for mental health, substance use disorder, and Behavioral Health (BH) administrative services.

Given limited statewide BH system capacity and in order to deliver timely access to services, DHS requests authority to execute agreements to secure commitments of placement capacity and support services from community-based organizations and fee for services behavioral healthcare providers which includes specialized BH professional staffing services.

Total planned contract expenditures for these services in Fiscal Year 2024-2025 are \$107,897,144, including \$71,983,894 requiring delegated authority from the Board for Department Head authority as described in

County Code § 2.58. This request that the Board delegates authority of up to \$71,983,894 to DHS for the aforesaid contracts in FY 24-25 and \$66,110,749 for multi-year contracts mostly for data system, client placement, and specialized staffing services.

Attachment 9 shows previously granted delegated authority for mental health, substance use disorder, and BH administrative services from 2019 to date.

Contractors of the DHS Behavioral Health division are chosen based on Sonoma County's procurement policies, and contractual agreements will be reviewed by Counsel before execution and will include terms that adhere to Board approved [Safety Net Contracting Principles <https://sonomacounty.ca.gov/administrative-support-and-fiscal-services/board-of-supervisors/about-the-board/board-rules-of-procedures/appendix-d>](https://sonomacounty.ca.gov/administrative-support-and-fiscal-services/board-of-supervisors/about-the-board/board-rules-of-procedures/appendix-d) and/or the state/federal funding requirements.

In addition, DHS is seeking authority to receive revenue of \$250,000 from Santa Rosa Behavioral Healthcare Hospital (formerly, Aurora Behavioral Healthcare Hospital), or SRBHH, for services provided by the County to SRBHH clients whose primary residence is outside of Sonoma County. In consideration of these associated costs, SRBHH will reimburse the County with an administrative fee in the amount of \$250,000 for Fiscal Year 2024-2025. The administrative fee does not fully cover the cost of DHS staff time, it is expected that DHS will be subsidize for the remainder of total costs with Medi-Cal IGT (Intergovernmental Transfers) allocated from the state.

Lastly, this item requests approval from the Board of Supervisors to enter into participation agreements with California Mental Health Services Authority (CalMHSA). Four of the agreements request either the County to indemnify CalMHSA or mutual indemnification which requires approval from the Board of Supervisors.

All DHS Behavioral Health Division contractors will be subject to audits by its Finance Internal Audit team to ensure compliance with regulatory guidelines associated with Federal and state funding in addition to oversight from the County's Single Audit procedures by the Auditor Controller Treasurer Tax Collector (ACTTC) Department.

Discussion:

Recommended Action A

The Fiscal Year 2024-2025 Behavioral Health division budget includes appropriations for contract costs across seven (7) categories of contractual expenditures.

1. Behavioral Health Administrative Expenses
2. Behavioral Health Services Expenses
3. Beneficiary Request for Service (BRS) Expenses
4. Long Term Care/Residential Care Facilities (LTC/RCF) Expenses
5. Mental Health Services Act (MHSA) Expenses
6. Specialty Mental Health Services (SMHS) Expenses
7. Substance Use Disorder Services (SUDS) Expenses

The total BH contracting budget, \$107,897,144 can be executed administratively by the Director under delegated authority and/or funding partnership with other county departments. Request for up to a total

\$71,983,894 with term ending on 6/30/2025 and \$66,110,749 for term ending no later than 6/30/2029 in updated delegated authority is discussed below by expense category. See attachment 2 - Contractors by Expense Category for details.

Behavioral Health Administrative Services - \$2,618,317 and \$5,450,144 for future years.

For Fiscal Year 2024-2025, management needs to contract for administrative services to utilize expertise not available internally, which includes infotech support for the Electronic Health Record (E.H.R.) systems used in the division (e.g., SmartCare, NetSmart, etc.), fee analysis consulting (Wohlford Consulting), patient rights review and advocacy (Mental Health Association of Alameda County), and audit services for the Measure-O Oversight Committee (Eide & Bailly).

The listed providers were selected as a result of an RFP.

Behavioral Health Services - \$16,662,110 and \$9,281,880 for future years.

Each year, the Department programming implements outreach, prevention, mental health, and substance disorder services to over 15,000 clients. To meet the demand for these services, staff contracts with specialized medical staffing agencies (Maxim) and utilizes facilities such as the Psychiatric Health Facility as well as the Napa State Hospital.

The providers identified and yet to be identified have and/or will be selected following Sonoma County's procurement policy.

Medical Staffing Agency contracts maintain a pool of psychiatrists and other psychiatric professionals to provide services in the event the County is unable to recruit and retain staff, or to provide for the specialized needs of Mental Health Plan patients. The Department will contract with the top medical staffing agencies ranked in a recent Request for Proposals out of 20 bidders. The Maxim contract in FY 2024-2025, for example, will be \$5,839,020.

Beneficiary Request for Service (BRS) - \$1,377,569

Under current regulations, Medi-Cal beneficiaries who receive specialty mental health services from county mental health plans have the right to make certain requests for services. There are two types of Beneficiary Requests for Service:

- Continuity of Care - The California Department of Health Care Services states that "beneficiaries with pre-existing provider relationships who make a continuity of care request to the county mental health plan must be given the option to continue treatment for up to 12 months with an out-of-network Medi-Cal provider."
- Extended Network Provider - If the Department is unable to provide necessary services, they will find an Extended Network Provider who can deliver the services to the beneficiary.

The authority requested for FY 24-25 is \$327,569 for Adults, \$750,000 for Youth, and \$300,000 for SUDS clients. Depending on client case management treatment plan, having preemptive delegated authority to engage services allows staff to remain flexible and agile to deliver requested or needed services, especially in cases where there is a high risk of loss of life. For transparency, most of the yet to be engaged services will be deemed sole-source due to sensitivity and specificity of the need and as a result of the limited capacity within the Behavioral Health providers.

Long-Term Care/Residential Care Facilities - \$16,832,883 and \$33,320,246 for future years.

While Long-Term Care (LTC) services tend to be provided in larger institutional settings compared to the smaller, community-based Residential Care Facilities (RCF), services for both are purchased for a specific, individual client based on the client's unique needs and are not appropriate to competitively procure. The Department selects a vendor for each client according to the vendor's ability to meet the client's needs, expectations, and availability. As such, services are purchased at the rate offered by the LTC/RCF provider. Demand for LTC and RCF services far outpaces bed availability at these facilities within the County.

Multiyear agreements secure capacity with LTC facilities such as Creekside Rehabilitation & Behavioral Health, and Telecare Corporation. For RCFs, providers include Sunset Gardens, Community Support Network, and Davis Guest Home.

Mental Health Services Act (MHSA) - \$7,206,003 and \$2,412,057 for future years.

Introduced through Proposition 63 in 2004, the MHSA addressed a broad continuum of prevention, early intervention, and service needs and the necessary infrastructure, technology, and training elements that effectively support the public behavioral health system. Also known as the Millionaire's Tax, a 1% income tax is levied on California residents with a personal income exceeding \$1 million. In Sonoma County, the proceeds of MHSA are distributed via RFP and/or NOFA to contractors as varied as educational institutions (Sonoma State University and Santa Rosa Junior College), Latino vendors (Latino Services Providers, La Luz, and Nuestra Cultura Cura), and even fellow County departments (Human Services Department and Probation). In August, DHS will return to the Board of Supervisors to approve the [FY 24-25 MHSA Expenditure Plan <chrome-extension://efaidnbnmnnibpcajpcgicfindmkaj/https://sonomacounty.ca.gov/Main%20County%20Site/Health%20and%20Human%20Services/Health%20Services/Documents/Behavioral%20Health/mental-health-services-act/FY%2024-25-Annual-Update-DRAFT-05172024.pdf>](https://efaidnbnmnnibpcajpcgicfindmkaj/https://sonomacounty.ca.gov/Main%20County%20Site/Health%20and%20Human%20Services/Health%20Services/Documents/Behavioral%20Health/mental-health-services-act/FY%2024-25-Annual-Update-DRAFT-05172024.pdf) that includes the MHSA contracts referenced in this item (begins on page 65 of the report).

Felton Institute won the RFP issued in January 2022, and InterFaith Shelter won the RFP issued in March 2023. Both contractors have provided quality service to clients and have earned multi-year partnerships with the County. The passage of Proposition 1 in 2024 could bring significant changes to MHSA funding to DHS, potentially transferring funding from its Behavioral Health division to its Homelessness Services division. DHS management will continue to monitor the potential changes and come back to the Board to present its findings once known.

Specialty Mental Health Services (SMHS) Expenses - \$16,549,630 and \$15,646,422 for future years.

The County is mandated by the State Department of Health Care Services (DHCS) to provide Specialty Mental Health Services through a state-approved Mental Health Plan (MHP) at the County level. The Department has partnered with a number of community-based non-profit organizations such as Alternative Family Services, Buckelew Programs, Community Support Network, LifeWorks, Progress Foundation, and Psynergy, as well as larger organizations like the Seneca Family of Agencies and Telecare Corporation to provide valuable behavioral health treatments.

Also, the Department enters into multiple agreements with agencies that provide specialty mental health to the County's youth in foster care. These providers are approved and referred by the Human Services Department. Under Sonoma's Mental Health Plan, DHS is mandated to pay for any specialty mental health services that are provided to the youth while they are in the provider's care. As such, these agreements are not suitable for competitive procurement.

Substance Use Disorder Services (SUDS) Expenses - \$10,737,382

Program expenses for SUDS will be spent primarily on the medically necessary treatment of clients afflicted with drug addiction and other substance use disorders. SUDS treatments in the Drug Medi-Cal program include Outpatient Drug Free services, Intensive Outpatient Treatment services, and perinatal residential services. DHS will contract with providers such as Drug Abuse Alternatives Center, Santa Rosa Treatment Program, West County Community Services, West County Health Centers, and Women's Recovery Services.

Recommended Action B

Santa Rosa Behavioral Healthcare Hospital (SRBHH), formerly named Aurora Behavioral Healthcare Hospital, provides inpatient psychiatric hospitalization for Medi-Cal clients under the age of 21 and over 65. DHS contracts with SRBHH to provide inpatient hospitalization and associated psychiatric professional fees for Medi-Cal Mental Health Plan clients who fall between those ages. SRBHH clients needing acute inpatient psychiatric hospitalization and having a residence outside of Sonoma County may require services provided by the County. For the County to be reimbursed by SRBHH for these costs, DHS is requesting approval to enter into an agreement with SRBHH. In consideration of the associated costs, SRBHH will reimburse the County with an administrative fee in the amount of \$250,000 for Fiscal Year 2024-2025.

Recommended Action C

The CalMHSA is a Joint Powers of Authority (JPA) formed in 2009 by counties throughout the state to work on collaborative, multi-county projects that improve behavioral health care for all Californians.

This item requests approval to enter into the following participation agreements, and any amendments or documents related thereto within delegated authority levels as outlined in Sonoma County's procurement policy, with CalMHSA, subject to review and approval as to form by County Counsel:

- Quality Measures and Performance Improvement Program through December 31, 2024 for \$15,000 in fiscal year 24-25;
- State Hospital Program through June 30, 2025 for \$5,608 with \$2,804 in fiscal year 24-25;
- Statewide Prevention and Early Intervention through June 30, 2026 for \$518,019 with \$172,673 in fiscal year 24-25; and
- Inter-Member Transfer a.k.a. Presumptive Transfer through June 30, 2025 for \$8,000 with \$4,000 in fiscal year 24-25.

The fee amounts for 3 of the 4 above-referenced participation agreements are within the threshold for Department delegated authority; however, two of the participation agreements request the County to indemnify CalMHSA, and two of the participation agreements request mutual indemnification, which requires authorization from the Board of Supervisors.

State Hospital Program (Attachment 5) and Statewide Prevention and Early Intervention (Attachment 6) agreements request the County to indemnify CalMHSA. The County would defend and indemnify CalMHSA for any claims arising from the County's acts or omissions in connection with the provision of mental health services. Inter-Member Transfers (Attachment 7) and Quality Measures and Performance Improvement Program (Attachment 8) request mutual indemnification. Each party would defend and indemnify the other party against any claims arising out of the other party's negligence in the performance under the agreement.

The agreements have been reviewed by Counsel who concurs with recommending that the Board approve authorizing the DHS Director to enter into and execute the participation agreements and any amendments or

documents related thereto within delegated authority levels as outlined in Sonoma County’s procurement policy.

This item also requests approval from the Board of Supervisors to enter into participation agreements, amendments, and related documents received in fiscal year 24-25 with CalMHSA, within delegated authority levels as outlined in Sonoma County’s procurement policy, subject to review and approval as to form by County Counsel, should CalMHSA seek indemnification from the County.

Strategic Plan:

N/A

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

The Board annually authorizes the Director of Health Services to execute agreements for mental health and substance use disorder services and support services agreements for behavioral health services.

Most recently, on June 12, 2023, the Board A) authorized the Director of Health Services, or designee, to execute agreements and amendments to Mental Health, Substance Use Disorder, and Behavioral Health Support Services for Fiscal Year 2023-2024 of \$70,324,247 that would end June 30, 2024 and \$44,811,628 for contracts that would end no later than June 30, 2029; and B) authorized the Director of Health Services, or designee, to execute an agreement with Aurora Behavioral Healthcare for reimbursement of associated administrative costs incurred by the County for the term of July 1, 2023, through June 30, 2024, resulting in revenue to the Department of Health Services of \$250,000.

FISCAL SUMMARY

Expenditures	FY24-25 Adopted	FY25-26 Projected	FY26-27 Projected
Budgeted Expenses	\$71,983,894	\$32,980,939	\$30,858,153
Additional Appropriation Requested			
Total Expenditures	\$71,983,894	\$32,980,939	\$30,858,153
Funding Sources			
General Fund/WA GF	\$560,252	\$560,252	\$560,252
State/Federal	\$45,736,059	\$20,261,379	\$19,286,113
Fees/Other	\$25,687,583	\$11,769,308	\$11,011,788
Use of Fund Balance			
General Fund Contingencies			
Total Sources	\$71,983,894	\$32,980,939	\$30,858,153

Narrative Explanation of Fiscal Impacts:

The Fiscal Year 2024-2025 budget includes \$71,983,894 for service provider contracts (including treatment

services) and support services contracts.

See attachment 3 shows sources of funding, including Medi-Cal/Federal Financial Participation, Mental Health Services Act (MHSA), 1991 Mental Health Realignment, 2011 Behavioral Health Realignment, Measure O sales tax, other State grants, and previously appropriated \$560,252, of County General Funds for program like Substance Use Disorder Services (SUDS) and Mobile Support Team (MST).

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

- Attachment 1 - Contractors in Alphabetical Order
- Attachment 2 - Contractors by Expense Category
- Attachment 3 - Sources of Funding
- Attachment 4 - Behavioral Health Acronyms List
- Attachment 5 - State Hospital Program Participation Agreement with CalMHSA
- Attachment 6 - Statewide Prevention and Early Intervention Participation Agreement with CalMHSA
- Attachment 7 - Inter-Member Transfers (a.k.a. Presumptive Transfer) Participation Agreement with CalMHSA
- Attachment 8 - Quality Measures and Performance Improvement Program Participation Agreement with CalMHSA
- Attachment 9 - Previous Delegated Authority Approvals

Related Items "On File" with the Clerk of the Board:

None