



SUMMARY REPORT

Agenda Date: 10/15/2024

To: Board of Supervisors
Department or Agency Name(s): Department of Health Services
Staff Name and Phone Number: Jennifer Solito, 707-565-7901
Vote Requirement: Majority
Supervisorial District(s): Countywide

Title:

Authority for Department of Health Services Provider Payments During FY 24/25 Contract Negotiations

Recommended Action:

Adopt a Resolution authorizing the Director of Health Services, or designee, to authorize payments for FY 2024/25 services through December 31, 2024, for vendors which have an executed FY 2023/24 contract with the Department of Health Services, and for which the Board has delegated authority for the Director to execute contracts for similar FY 2024/25 services.

Executive Summary:

The Department of Health Services (hereinafter, “the Department”) contracts with a network of providers to deliver behavioral health, homelessness and housing support, and other public and behavioral health wrap-around services. These services include mental health treatment, substance use recovery programs, housing assistance, and other services.

At the start of each fiscal year, the Department renews and updates provider contracts to reflect changes in service needs, funding levels, and regulatory requirements. For FY 2024/25, staff have begun the process of revising and updating provider agreements; however, due to a variety of reasons, not all fiscal year 2024/25 contracts were executed by the start of the current fiscal year (7/1/2024).

While the FY 2024/25 contracts are in the process of development, providers have been rendering services without disruption since July 1, 2024. However, without fully executed agreements, requests to issue payments for services rendered after July 1, 2024 cannot be processed by the Auditor-Controller-Treasurer-Tax Collector (ACTTC). Consequently, many of our providers are at risk of experiencing financial challenges as a result of these delayed payments.

The FY 2024/25 adopted budget includes sufficient appropriation and funding capacity to cover the pending and delayed payments to providers. Therefore, given completion of new fiscal year agreements is expected to take an additional several months, staff is requesting authority to execute payments for FY 2024/25 services, in advance of an executed agreement, for those providers that had fully executed agreements for similar FY 2023/24 services. This process is requested to be used for services provided as of July 1, 2024. The Department is requesting to utilize this process and authority through December 31, 2024. The Department will utilize the payment terms from the existing, fully executed FY 2023/24 agreements to process current fiscal year payments, and execute a reconciliation process once current year agreements are fully executed. The Auditor-Controller-Treasurer-Tax Collector will use the Resolution adopted with this item as authority to release payments to service providers under the terms of the executed FY 2023/24 agreements listed in

Attachment 2.

Discussion:

The Department of Health Services contracts with a network of providers to deliver behavioral health, homelessness and housing support, and other public and behavioral health wrap-around services. These services include mental health treatment, substance use recovery programs, housing assistance, and other services.

At the start of each fiscal year, the Department renews and updates provider contracts to reflect changes in service needs, funding levels, and regulatory requirements. This process can take several months for completion. While the FY 2024-25 contracts are in the process of development, providers have been rendering services without disruption since July 1, 2024. However, without fully executed agreements, payments have not been processed. Consequently, many of our providers are at risk experiencing financial challenges as a result of these delayed payments.

Given completion of current fiscal year agreements is expected to take an additional several months, staff is requesting authority to execute payments for properly supported providers invoices thru December 31, 2024, in advance of an executed FY 2024/25 agreement, for those providers that had fully executed agreements for similar FY 2023/24 services. The Department will utilize the terms of the FY 2023/24 agreements to current year payments, and execute a reconciliation process once current year agreements or amendments are fully executed. The Auditor-Controller-Treasurer-Tax Collector will use the Resolution adopted with this item as authority to release payments to service providers under the terms of the executed FY 2023/24 agreements listed in Attachment 2.

Attachment 2 to the requested Resolution includes a list of the FY 2023/24 contracts which the Department is requesting authority to utilize, for execution of FY 2024/25 payments, for services received thru December 31, 2024.

For transparency, this approach will not resolve all financial consideration for all current year partners. For contractors which are new to the Department and did not provide services in FY 2023/24, and for which a corresponding FY 2023/24 contract does not exist, payments in FY 2024/25 without a current year agreement will not be feasible and these are not included in the requested Resolution and Attachment 2. Department staff will prioritize the execution of contracts to these vendors immediately, should this requested action be approved.

Additionally, some providers are aware that the County does not historically pay invoices without an executed agreement. There may be providers which have not yet submitted invoices to the Department for audit review and payment processing as a result. The Department will actively communicate with all vendors listed on Attachment 2 to make them aware of the payment authority and encourage them to submit completed invoices for payment as soon as possible. Separately, item #2024-0935 on today's agenda, is requesting the Board allow for 1/12th monthly advance payment for thirteen Medi-Cal partners to deliver Specialty Mental Health Services across the county. This model was reviewed and is endorsed by County Counsel, the Auditor-Controller-Treasurer-Tax Collector's office, and the County Administrator's Office.

Staff have been actively working to improve the contract development process to prevent such delays in future fiscal years. This includes implementing multi-year contract terms where appropriate and designing an internal system towards the goal of negotiating agreements which are ready for execution prior to the start of the next fiscal year. These improvements are intended to provide greater predictability for providers and

ensure the uninterrupted delivery of essential services as well as payments to our community partners.

There is no new financial impact associated with this request. Payments for services will be made in accordance with the FY 2024-25 budget allocations for behavioral health, homelessness and housing support, and other public and behavioral health wrap-around services and the previous delegated authority provided by the Board for FY 2024/25 services and budget.

Strategic Plan:

N/A

Racial Equity:

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

No

Prior Board Actions:

The following items include Board approved delegated authority for the Director of Health services to enter into FY 2024/25 services agreements. These actions are utilized for current year requested authority to execute payments, pending contract negotiations:

- a) [8/20/2024 | #2024-0625 <](#)
<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6833511&GUID=F3D42B4E-600D-4AE5-965E->
≥ Public Health ~\$600,000
- b) [7/23/2024 | 2024-0794 <](#)
<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6791409&GUID=804B74B6-D713-4413-B954->
≥ Homeless Services~\$2 million
- c) [7/23/2024 | 2024-0628 <](#)
<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6789288&GUID=D1CC45F6-B2B6-4523-A19E->
≥ Cities' Measure O Mobile Crisis ~\$4 million
- d) [7/16/2024 | 2024-0587 <](#)
<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6781005&GUID=F9A34C8E-3D98-4A22-B778->
≥ FY 24-25 and Beyond BH and Placement ~\$72 million
- e) [6/10/2024 | 2024-0591 <](#)
<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6720194&GUID=35F97BE6-D125-41BD-8F1C->
≥ Sonoma County Homeless Coalition NOFA Awards ~\$8.5 million
- f) [4/30/2024 | 2024-0457 <](#)
<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6648487&GUID=98719B37-AB9E-42F6-94EF->
≥ Project HomeKey operations with Cities ~\$2 million
- g) [4/16/2024 | 2024-0050 <](#)
<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6629056&GUID=549D0A29-E0FA-4102-852E->
≥ FY 23-24 Behavioral Health ~\$14 million
- h) [11/28/2023 | 2023-1106 <](#)
<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6430276&GUID=1FECAFDF-0A2F-44F7-8FE4->
≥ Clinical Staffing ~\$900,000

FISCAL SUMMARY

Expenditures	FY24-25 Adopted	FY25-26 Projected	FY26-27 Projected
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Agenda Date: 10/15/2024

Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

There is no fiscal impact or new cost as a result of this item. The requested authority seeks approval to process invoices based on prior FY (FY 23/24) approved agreements, for those entities that the Board has delegated authority for the Department to execute contracts for similar FY 2024/25 services.

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 - Resolution

Attachment 2 - List of FY 23/24 Agreements for FY 24/25 Payment Authority

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

None.