



SUMMARY REPORT

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**Agenda Date:** 6/12/2023

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**To:** County of Sonoma 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:**  
Behavioral Health Services Agreements

**Recommended Action:**

- A) Authorize 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 will end June 30, 2024 and \$44,811,628 for contracts that will end no later than June 30, 2029.
- B) Authorize 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.

**Executive Summary:**

The Department of Health Services (hereinafter “DHS”, or “the Department”) contracts with a broad range of providers of mental health and substance use disorder and support services. In order to deliver timely access to high-quality services, department staff requests authority to execute agreements for mental health and substance use disorder treatment, as well as related support services provided by partner agencies.

Total planned contract expenditures for Mental Health and Substance Use Disorder and Behavioral Health and Support Services for Fiscal Year 2023-2024 are \$72,563,328. Planned contract expenditures across different providers included in Fiscal Year 2023-2024 include \$2,239,081 that are within Department Head Authority (agreement amounts are under \$100,000 or the agreement is with a County department). The Fiscal Year 2023-2024 Recommended Budget includes contract expenditures for behavioral health and support services of \$68,011,689. Additional appropriations in the amount of \$4,551,639 will be added during the Fiscal Year 2023-2024 Quarter 1 Consolidated Budget Adjustment process.

The Department is requesting delegated authority to enter into Mental Health and Substance Use Disorder Services and Behavioral Health Support Services agreements in the amount of \$70,324,247 for Fiscal Year 2023-2024 and \$44,811,628 for future fiscal years ending no later than June 30, 2029 (through Fiscal Year 2028-2029). This delegated authority request supersedes previous delegated authority requests.

DHS staff is seeking authority to receive revenue of \$250,000 from Aurora Behavioral Healthcare for services provided by the County to Aurora patients having a residence outside of Sonoma County. For the County to be reimbursed by Aurora for these costs, the Department is requesting approval to enter into an agreement with Aurora. In consideration of the associated costs, Aurora will reimburse the County with an administrative fee

in the amount of \$250,000 for Fiscal Year 2023-2024.

The service agreements included in this request are funded with a combination of Medi-Cal/Federal Financial Participation, Mental Health Services Act (MHSA), 1991 Mental Health Realignment, 2011 Behavioral Health Realignment, Measure O sales tax, Substance Abuse and Mental Health Services Administration (SAMHSA) federal grant funding, other State grants, reimbursements from other County departments, and Health Services General Fund allocation. Funding sources for these include State of \$56.1 million (1991 Mental Health Realignment, 2011 Behavioral Health Realignment, and Mental Health Services Act), Federal of \$8.8 million (Federal Financial Participation), General Fund of \$2.9 million, requested use of 1991 Health Realignment fund balance of \$4.1 million.

**Discussion:**

The Department is bringing forth this board item to seek authority for the Director of Health Services to enter into immediate need contracts with a broad range of licensed providers to provide access to high-quality mental health and substance use disorder services beginning on July 1, 2023 ending no later than June 30, 2029. Many of the Department's behavioral health services contracts are managed within a medical network of care as mandated by federal and state regulations. Consistent with state requirements for mental health plans, the Department must maintain an adequate network of service providers based on client need, geographic coverage, culturally-based needs and language capabilities. Mental Health Services Act programs and service needs are vetted annually through a community planning and input process that includes posting of the Mental Health Services Act plan for comment and a public hearing.

Attachment 1 provides a list of requested delegated authority amounts by service category and provider. Additionally, the term of the requested delegated authority for each agreement is included in this attachment.

Attachment 2 and 3 represent Fiscal Year 2023-2024 contract appropriations totaling \$72,563,328 which includes \$2,239,081 of contracts amongst several providers that are within Department Head Authority (agreement amounts are under \$100,000 or the agreement is with a County department).

Copies of the 206 contracts that are referenced in this item have not been attached because they are still under development.

**Requested Delegated Authority for Service Agreements**

**Recommended Action A1-**

This action refers to delegated authority being requested for Mental Health, Substance Use Disorder, and Behavioral Health Support Services for a total of \$70,324,247 (Attachment 1).

Some of the services are in the process of or have been competitively procured during Fiscal Year 2022-2023, including Temporary Staffing Services and some Specialty Mental Health Services for Youth and Families. In order to maintain service continuity during any potential transition, it may be necessary to enter into short, transitional agreements before contracting with new providers.

**Recommended Action A2-**

This action refers to delegated authority being requested for Mental Health, Substance Use Disorder, and Behavioral Health Support Services for a total of \$44,811,628 for future fiscal years (Attachment 1). Some contracts, after RFP where applicable, to be executed under delegated authority are for multiple years for cost savings purposes and/or the vendor will not agree to a one year contract.

## **Requested Delegated Authority to Receive Revenue**

### **Recommended Action B**

Aurora Behavioral Healthcare provides inpatient psychiatric hospitalization for Medi-Cal clients under the age of 21 and over 65. In addition, DHS contracts with Aurora to provide inpatient hospitalization and associated psychiatric professional fees for Medi-Cal Mental Health Plan clients who fall between those ages. Aurora 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 Aurora for these costs, the Department is requesting approval to enter into an agreement with Aurora. In consideration of the associated costs, Aurora will reimburse the County with an administrative fee in the amount of \$250,000 for Fiscal Year 2023-2024.

### **Behavioral Health and Support Services Overview**

For Fiscal Year 2023-2024, DHS is proposing contract expenditures for behavioral health and support services in the amount of \$72,563,328. The Department contracts for services to access expertise not available internally, to expand existing services to match consumer needs to provider expertise, and to address staff shortages for specialized client needs. Contracts include a full range of specialty behavioral health services, and provide consumers broad access to culturally-, age-, and gender-appropriate services within an integrated network of care. Consumers served by the Department's contracted network of behavioral health providers include Medi-Cal beneficiaries, medically indigent, underinsured, and uninsured individuals. Each year, behavioral health services providers implement outreach, prevention, mental health, and substance use disorder services to over 15,000 consumers.

DHS works to maintain a consistent level of healthcare provision to ensure continuity of care and that the delivery of services are geographically accessible throughout Sonoma County. Contracted providers must be licensed by the State and comply with certification requirements and all regulatory and fiscal reporting requirements specific to the services and treatment provided. Because individuals experiencing a serious behavioral health crisis often require an immediate referral to a qualified contracted provider, Board authority to execute and amend agreements is needed to facilitate timely and appropriate access to services.

The Department contracts for a wide range of mental health and substance use disorder treatment services as part of the Department of Health Services treatment system. In some instances, the needs of clients dictate a pattern of contract utilization that may be different than what was originally planned at the beginning of a fiscal year. The ability to maximize and move funding between contracts (within the overall budget authority granted by the Board and through typical contract amendment processes) increases opportunities to provide for the varying needs of clients with the most appropriate and effective level of care. Contracts are executed in counsel-approved templates, include language that obligates the Department only to the extent funding is available, and allows for termination of the contract in the event that any anticipated funding is reduced or eliminated. See Attachment 4 for detailed service area descriptions.

### **Competitive Procurement Update**

During Fiscal Year 2018-2019, the Department assessed the various types of contracted behavioral health services and embarked on a contracting reform effort to enhance the process of procuring services through a competitive process and to ensure that contracts have performance requirements for quality outcomes. A variety of competitive procurements have taken place since then (see Attachment 5).

This competitive procurement process exemplifies departmental efforts to align with county procurement

policies and the contracting principles for safety net programs adopted by the Board in April 2019. Alignment with the contracting principles promotes fair and open competition in selecting vendors and helps to ensure that behavioral health services are provided equitably and fairly across all regions of the County.

By competitively procuring additional types of behavioral health services, the Department seeks to identify the most capable, responsive, and responsible providers to deliver necessary services. As this process continues, existing and potential providers will gain familiarity with the process and better understand how to obtain funding from the County. Further, through implementation of enhanced contract management and monitoring in alignment with the contracting principles, the Department and Board will have an enhanced ability to evaluate program effectiveness to ensure that County resources are being spent effectively.

See Attachment 5 for more details about the competitive procurement process, including completed procurements and in-process and planned procurements.

### **Service Types Not Feasible for Competitive Procurement**

Through the assessment of the various types of contracted behavioral health services, the Department has identified a number of service types that are not feasible for competitive procurement.

- 1) Services provided by Residential Care Facilities, Long-Term Care Facilities, and Inpatient Hospitals are purchased for specific individual clients 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 clients' needs and expectations, and availability. As such, services are purchased at the rate offered by the provider. Other services identified as not being suitable for competitive procurement include certain services for psychiatry, eating disorder specialty treatment, and electroconvulsive therapy as well as services to be provided under the County's responsibility to meet State Continuity of Care requirements (i.e., beneficiaries may request to continue services with a provider outside of contracted services), which are purchased from individual providers/Independent Contractors.
- 2) Specialty Mental Health Services provided to Youth in Foster Care - The department enters into multiple agreements with agencies that provide specialty mental health Sonoma County's youth in foster care. These providers are approved and referred by the Human Services Department. Under the County of Sonoma Mental Health Plan, we are mandated to pay for any specialty mental health services that are provided to the youth while they are with the provider. As such, these agreements are not suitable for competitive procurement.

### **Strategic Plan:**

N/A

### **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.

On June 13, 2022, the Board A) Authorized an increase of \$13,691,995 to the Director of Health Services', or designee's, Fiscal Year 2022-2023 delegated authority to extend or renew agreements and amendments with providers of Behavioral Health services for terms ending no later than June 30, 2025; B) Authorized the Director of Health Services, or designee, to execute new agreements and amendments with providers of Behavioral Health services, competitively procured during Fiscal Year 2021-2022 and 2022-2023, in an amount not to exceed \$18,550,173, for terms ending no later than June 30, 2027, including \$4,093,103 in Fiscal Year

2022-2023; C) Authorized an increase by \$194,349 the Director of Health Services', or designee's, delegated authority to execute an agreement with Sonoma County Office of Education for mental health services for children and youth, resulting in a new not-to-exceed amount of \$3,248,270; and D) 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 July 1, 2022 through June 30, 2023, resulting in revenue of \$250,000.

On December 14, 2021, the Board approved 1) an increase in Fiscal Year 2021-2022 behavioral health contract expenditures to \$64,109,634; 2) an increase of \$5,769,594 to the Director of Health Services', or designee's, Fiscal Year 2021- 2022 delegated authority to execute multi-year contracts and amendments for Behavioral Health Services as described in that item's Attachment 2; 3) execution of extension of current agreements through June 30, 2022 for Substance Use Disorder Services; 4) execution of an agreement with Aldea Children & Family Services for early psychosis and mood disorder intervention program services for the period December 14, 2021 to June 30, 2025 in an amount not-to-exceed \$1,996,144; 5) execution of an agreement with Sonoma County Office of Education for mental health services for children and youth for the period December 14, 2021 to July 31, 2025 in an amount not-to-exceed \$3,053,921.

On June 8, 2021, the Board approved 1) Fiscal Year 2021-2022 behavioral health contract expenditures of \$53,254,011; 2) execution of agreements and amendments for Mental Health Services Act (MHSA) Prevention and Early Intervention programs, competitively procured during Fiscal Year 2020-2021, with a term beginning in Fiscal Year 2021-2022 and ending no later than June 30, 2025, for a not to exceed amount of up to \$1,132,246 annually; 3) execution of agreements and amendments for Administrative Hearing Officers, competitively procured during Fiscal Year 2020-2021, with a term beginning in Fiscal Year 2021-2022 and ending no later than June 30, 2025, for a not to exceed amount of up to \$100,000 annually; 4) execution of agreements and amendments to fulfill First Episode Psychosis program requirements in the Mental Health Block Grant (MHBG), competitively procured during Fiscal Year 2020-2021, with a term beginning in Fiscal Year 2021-2022 and ending no later than June 30, 2025, for a not to exceed amount of up to \$238,000 annually; 5) execution of agreements and amendments for Substance Use Disorder Services, including the extension of current agreements through September 30, 2021 and those competitively procured during Fiscal Year 2020-2021, with terms beginning in Fiscal Year 2021-2022 and ending no later than June 30, 2024, for a not to exceed amount of up to \$7,707,988 annually; 6) execution of agreements and amendments for specialty mental health services for youth in foster care for which competitive procurement is not feasible with a term ending no later than June 30, 2024, for a not-to-exceed amount of up to \$4,227,410 annually; 7) execution of support services agreements and amendments for behavioral health services with a term ending no later than June 30, 2022, for a Fiscal Year 2021-2022 not to exceed amount of \$691,848; 8) execution of agreements and amendments for mental health and substance use disorder services, for which delegated authority is not otherwise requested, with a term ending no later than June 30, 2022, for a Fiscal Year 2021-2022 not-to-exceed amount of \$12,203,778; 9) execution of an agreement with Aurora Behavioral Healthcare for reimbursement of associated administrative costs incurred by the County for the term July 1, 2021 through June 30, 2022, resulting in revenue of \$250,000; 10) execution of agreements and amendments for Mental Health Services Act (MHSA) Innovation Projects, for which a community-based solicitation was performed, with a term ending no later than June 30, 2024, for a not-to-exceed amount of up to \$1,216,356 annually; 11) An increase of \$1,143,188 to the Director of Health Services', or designee's, Fiscal Year 2020-2021 delegated authority, initially approved by the Board on August 4, 2020 in the amount of \$16,042,142, and increased by Board on April 6, 2021 to \$17,358,361 to execute agreements and amendments for Residential Care Facilities, Long-Term Care Facilities, Inpatient Hospitals, and Independent Contractors providing behavioral health

services for which competitive procurement is not feasible with a term ending no later than June 30, 2023, resulting in a new not-to-exceed amount of \$18,501,549, to provide for increased service needs and costs.

On April 6, 2021 the Board approved execution of agreements and amendments for mental health and substance use disorder services and related support services, increasing the Fiscal Year 2020-2021 not-to-exceed amount to \$45,094,355, including authorization to execute agreements and amendments for Residential Care Facilities, Long-Term Care Facilities, Inpatient Hospitals, and Independent Contractors providing behavioral health services for which competitive procurement is not feasible with a term ending no later than June 30, 2023, for a not-to-exceed amount of up to \$17,358,361 annually.

On August 4, 2020 the Board approved 1) execution of agreements and amendments for mental health and substance use disorder services and related support services, including agreements for Fiscal Year 2020-2021 in an amount not-to-exceed \$43,130,831; 2) execution of agreements and amendments for Residential Care Facilities, Long-Term Care Facilities, Inpatient Hospitals, and Independent Contractors providing behavioral health services for which competitive procurement is not feasible with a term ending no later than June 30, 2023, for a not-to-exceed amount of up to \$16,042,142 annually; 3) execution of an agreement with Netsmart Technologies, Inc. for a software license and services agreement to provide an integrated information system with clinical decision support for behavioral health services for a term beginning July 1, 2020 and ending no later than June 30, 2023, for a not to exceed amount of up to \$1,032,034 annually; 4) execution of agreements and amendments for Peer Support/Recovery and Training Services, competitively procured during Fiscal Year 2019-2020, with a term beginning in Fiscal Year 2020-2021 and ending no later than June 30, 2024, for a not to exceed amount of up to \$1,431,150 annually.

On July 9, 2019 the Board approved execution of agreements and amendments for mental health services for youth, competitively procured during Fiscal Year 2018-2019, with a term beginning July 1, 2019 and ending no later than June 30, 2023 for a not to exceed amount of \$4,438,489 annually.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 22-23 Adopted</b>	<b>FY 23-24 Projected</b>	<b>FY 24-25 Projected</b>
Budgeted Expenses		\$68,011,689	\$72,563,328
Additional Appropriation Requested		\$4,551,639	
<b>Total Expenditures</b>	<b>0</b>	<b>\$72,563,328</b>	<b>\$72,563,328</b>
<b>Funding Sources</b>			
General Fund/WA GF		\$2,980,163	\$2,980,163
State/Federal		\$65,437,351	\$65,437,351
Fees/Other			
Use of Fund Balance		\$4,145,814	\$4,145,814
Contingencies			
<b>Total Sources</b>	<b>0</b>	<b>\$72,563,328</b>	<b>\$72,563,328</b>

**Narrative Explanation of Fiscal Impacts:**

The Fiscal Year 2023-2024 budget includes \$68,011,689 for service provider contracts (including treatment services) and support services contracts the department is requesting approval for additional appropriations

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of \$4,551,639 that will be added to the 1<sup>st</sup> quarter Consolidated Budget Adjustments (CBA's). FY 2023-2024 adjusted contract appropriations will total \$72,563,328.

The Behavioral Health Division funding includes Medi-Cal/Federal Financial Participation, Mental Health Services Act, 1991 Mental Health Realignment, 2011 Behavioral Health Realignment, Measure O sales tax, Substance Abuse and Mental Health Services Administration grants, other State grants, reimbursements from other County departments, and County General Funds.

Budget for FY2024-25 is set as flat to FY2023-24 as at this time, the department will return with delegated authority request for FY2024-25 in 2024.

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

**Narrative Explanation of Staffing Impacts (If Required):**

N/A

**Attachments:**

Attachment 1 - Requested Delegated Authority by Service Category and Provider

Attachment 2 - Fiscal Year 2023-2024 Proposed Contract Expenditures by Service Category and Provider

Attachment 3 - Fiscal Year 2023-2024 Proposed Contract Expenditures by Service Provider

Attachment 4 - Behavioral Health Service Area Descriptions

Attachment 5 - Behavioral Health Competitive Procurement Update

Attachment 6 - FY 23-24 Procurement Status and Revenue Sources by Contract

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

None