



SUMMARY REPORT

Agenda Date: 4/6/2021

To: Board of Supervisors of Sonoma County
Department or Agency Name(s): Department of Health Services
Staff Name and Phone Number: Barbie Robinson, 565-7876
Vote Requirement: 4/5th
Supervisorial District(s): Countywide

Title:

Behavioral Health Services Agreements - Additional Delegated Authority for Fiscal Year 2020-2021

Recommended Action:

- A) Authorize an increase of \$1,316,219 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, 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 \$17,358,361, to provide for increased service needs and costs.
- B) Authorize an increase of \$647,305 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 \$24,303,673, to execute agreements and amendments for mental health and substance use disorder services for which delegated authority was not otherwise requested with a term ending no later than June 30, 2021, resulting in a new not-to-exceed amount of \$24,950,978, to provide for increased service needs and costs.
- C) Adopt a resolution adjusting the fiscal year 2020-2021 final budget by increasing revenues and expenditures in the Department of Health Services by \$2,791,397 which includes \$1,262,547 in managed care and out of county non medi-cal hospital costs and \$1,528,850 for Residential Care and Hospital Inpatient, to be funded through available Intergovernmental Revenue budgetary fund balance to finance the increased provision of behavioral health services. (4/5ths vote required)

Executive Summary:

On August 4, 2020, the Board approved \$43,130,831 of delegated authority which includes \$1,431,150 for Peer Support/Recovery and Training Services, \$16,042,142 for Residential Care Facilities, Long-Term Care Facilities, Inpatient Hospitals, and Independent Contractors, \$321,832 for support services agreements, \$1,032,034 for NetSmart Technologies, and \$24,303,673 for mental health and substance use disorder services for fiscal year 2020-2021. The Department has identified additional required expenditures of \$1,963,524 for mental health and substance use disorder services to meet client needs for fiscal year 2020-2021, consisting of \$1,316,219 for Residential Care Facilities, Long-Term Care Facilities, Inpatient Hospitals, independent contractors, and \$647,305 for mental health and substance use disorder services for which delegated authority was not otherwise requested with a term ending no later than June 30, 2021. The additional expenditures will be funded by Intergovernmental Revenue. The additional requested delegated authority will result in contracting authority of \$45,094,355 of which \$1,431,150 is for Peer and Family Services, \$17,358,361 for Residential Care Facilities, Long-Term Care Facilities, Inpatient Hospitals, and

Independent Contractors providing behavioral health services, \$321,832 for support services agreements, \$1,032,034 for NetSmart Technologies, and \$24,950,978 for mental health and substance use disorder services for which delegated authority was not otherwise requested, with a term ending no later than June 30, 2021.

Increased service need is expected given community-based service entities have been hindered to support patients during COVID, and higher-care level clients in unlocked RCF-level facilities.

Discussion:

Each fiscal year the Department of Health Services requests delegated authority to execute services agreements for mental health and substance use disorder services and behavioral health support services agreements. Most recently, on August 4, 2020 the Board approved \$43,130,831 of delegated authority which includes \$1,431,150 for Peer Support/Recovery and Training Services, \$16,042,142 for Residential Care Facilities, Long-Term Care Facilities, Inpatient Hospitals, and Independent Contractors, \$321,832 for support services agreements, \$1,032,034 for NetSmart Technologies, and \$24,303,673 for mental health and substance use disorder services for fiscal year 2020-2021.

For fiscal year 2020-2021, the Department has identified additional required expenditures of \$1,963,524 to meet increased utilization of specialty mental health and substance use services. Given the current rate of services, staff recommends programming \$2.1 million of the \$14 million estimated available fiscal year-end Intergovernmental Revenue budgetary fund balance. FY 20-21 proposed budget costs were based on the expectation of continuing to fund augmented services for the 197 clients that were currently placed at Residential Care Facilities (RCF) and planned for an increase of 12 clients to the RCF system of placements. In January 2021 it was indicated that not only was the increased client number higher (total of 28 new clients), but the facilities that would accept these clients had considerably higher rates than expected.

These increased expenditures consist of \$1,316,219 Residential Care Facilities, Long-Term Care Facilities, Inpatient Hospitals, and independent contractors for behavioral health services for which competitive procurement is not feasible and \$647,305 for mental health and substance use disorder services for which delegated authority was not otherwise requested. The additional requested delegated authority will result in contracting authority of \$45,094,355 of which \$1,431,150 is for Peer and Family Services, \$17,358,361 for Residential Care Facilities, Long-Term Care Facilities, Inpatient Hospitals, and Independent Contractors providing behavioral health services, \$321,832 for support services agreements, \$1,032,034 for NetSmart Technologies, and \$24,950,978 for mental health and substance use disorder services for which delegated authority was not otherwise requested with a term ending no later than June 30, 2021.

The services areas which require this additional delegated authority are identified below, 1) Acute Inpatient and Short-Term Crisis Services for Adults, 2) Residential Care Facilities, and 3) Temporary Staffing and Recruitment Services, are all services that are mandated or supporting services intended to ensure that the County does not pay more for more expensive care now or in the future.

Acute Inpatient and Short-Term Crisis Services

Individuals in crisis may require a structured setting that provides 24-hour supervision and support. Acute inpatient psychiatric hospitals serve those clients who require a locked facility. Others are able to receive services in a residential setting in the community with intensive 24-hour support and supervision.

Acute inpatient psychiatric hospitalization is the County Mental Health Plan's responsibility. While we cannot refuse to provide these services, the County's community-based services are designed to reduce the need for

high levels of care. Unfortunately, due to the COVID public health emergency, lower levels of community-based care were highly impacted, decreasing not only the number of clients who could be served at each facility overall, but greatly slowing down the movement of clients between services. The impact of this has been increased utilization and lengthier stays in inpatient hospitals. The increased delegated authority and budget appropriations are needed for the additional costs of Aurora Behavioral Health of \$668,000.

The increased delegated authority in this category will be used for the Department's contract with Aurora Behavioral Health. Aurora Behavioral provides inpatient psychiatric hospitalization for Medi-Cal clients under the age of 21 and over 65. The Department contracts with Aurora to provide inpatient hospitalization and associated psychiatric professional fees for Medi-Cal Mental Health Plan clients who fall between those ages. The Department attempts to utilize Medi-Cal certified hospitals whenever possible because this allows us to draw down partial reimbursement for those costs through a process generally referred to as federal financial participation, or FFP. However, as Medi-Cal certified hospital beds become less available across the state, we are increasingly reliant on Aurora. Because Aurora is not Medi-Cal certified for ages between 21 and 65, we are unable to draw down FFP.

Residential Care Facilities (RCFs)

Residential Care Facilities (RCFs) provide permanent supportive housing for Sonoma County Mental Health Plan adult clients with serious and persistent mental illness. This level of care and supervision is for people unable to live independently due to mental illness, but who do not need 24-hour nursing care. RCFs are licensed by the Department of Health Care Services, Community Care Licensing Division. They are considered supportive housing programs not medical facilities and are not required to have medical personnel (e.g., nurses, certified nursing assistants, or doctors). Beyond the provision of housing, Residential Care Facilities provide multiple care level options from basic provision of meals, housekeeping, supervision, storage and distribution of medication, up to personal care assistance with basic activities like hygiene, dressing, eating, bathing, and transferring.

As of March 1, 2021, 215 Mental Health Plan clients were housed in 15 Residential Care Facilities and an estimated 10 additional clients who are currently in acute inpatient hospitals or jail who are in need of placement. Roughly 35% of RCF clients are conserved, which mandates the County to find Conservator Office-approved placements and ensure adequate treatment. While the County is not mandated to provide RCF service to the remaining 65% non-conserved clients, without the "patch-rate" that covers the additional services that are needed due to the MHP client's severe and persistent mental illnesses, not only would their ability to fully interact with treatment be greatly hindered, but, in most cases, make it impossible to remain housed.

Individuals are served in RCFs to enable them to live in the community, at the lowest level of care necessary and allow clients to transition out of higher levels of psychiatric care, such as hospitals or IMDs (long-term residential psychiatric treatment facilities that serve conserved clients), the criminal justice system, or homelessness. In FY 20-21, the Department has been able to bring an additional 15 of such clients out of those situations and into the Residential Care Facility system. Additional RCFs costs of \$648,219 in FY 20-21 necessitate the additional delegated authority and budget appropriations.

Some clients have been historically difficult to place, but the increase in delegated authority will allow the Department to enter into a new agreement with a facility recently opened in January 2021 in Contra Costa County that specializes in services that help support keeping higher-care level clients in unlocked RCF-level facilities. Due to their care level needs, the annual cost for these clients is also higher -- an average of

\$105,000 per year (\$288 per day). Typically, unlocked RCF-level facilities range from \$11,000 to \$60,000, per client, per year, with an average cost of \$34,000 per year (\$93 per day). In comparison, the average cost of a higher-care locked facilities ranges from \$40,000-to \$250,000 per year, with an average cost of \$103,000 per year (\$283 per day). It should be noted that difficult to place clients tend to be only accepted at facilities higher on the cost level range. Timely placements out of acute inpatient hospitals, such as Aurora Behavioral Health, is not only clinical inappropriate, but is also important in mitigating costs, as these stays are at \$1,433 per day, with a one month stay costing the County almost \$43,000.

Temporary Staffing and Recruitment Services

Temporary staffing contracts support maintenance of 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 clients. The Department contracts with staffing agencies, locum tenens (specific staffing agencies for physicians/psychiatrists), or other providers as needed. Additional delegated authority in this category will be used to add funds to our locum tenens agreements that are being used to cover vacant Staff Psychiatrist positions and will be funded through staff savings already budgeted in FY 20-21. This FY, 1.7 FTE Staff Psychiatrist positions are vacant, as well as 1.0 FTE Behavioral Health Medical Director, resulting in a salary savings of \$1,219,752 on top of the initial budgeted salary savings for these positions at 1.5%.

Budget Adjustment Request

To accommodate increases to services contracts for mental health and substance use disorder services and behavioral health support services, the Department is requesting that the Board adopt a resolution adjusting the fiscal year 2020-2021 final budget by use of one-time FY 20-21 ending available budgetary fund balance by \$2,791,397 to finance the increased behavioral health services need. This action requires approval by 4/5ths of the Board.

Appropriation increases include \$1,262,547 for Managed Care offset costs redirected via 1991 Mental Health Realignment and Out of County Hospital costs for Non-Medi-Cal clients, and \$1,528,850 for Residential Care Facilities and Hospital Inpatient costs. Staff's fiscal year-end estimated balance include the current levels of Proposition 63 state apportionments received thus far, which are lower than what the County received prior to the COVID pandemic.

RCF's at this time are ongoing costs of which the Department will need to look for funding such as Measure O. Measure O revenue over time may cover increased costs with yearly forecasted increases at the Board's discretion. Hospital Inpatient increases appear to be one-time COVID related increases. These costs are currently projected through September but may extend longer based upon pandemic progression. COVID impact will be reduced when COVID demand goes away, monitoring hospital levels and rate of spending. Fiscal strategies for the future while looking for funding are to provide more intensive outpatient care, reduce Hospital utilization, and lower caseload, which will allow support to clients in current housing and avoid hospitalizations.

Prior Board Actions:

On August 4, 2020 the Board approved \$43,130,831 of delegated authority which includes \$1,431,150 for Peer Support/Recovery and Training Services, \$16,042,142 for Residential Care Facilities, Long-Term Care Facilities, Inpatient Hospitals, and Independent Contractors, \$321,832 for support services agreements, \$1,032,034 for NetSmart Technologies, and \$24,303,673 for mental health and substance use disorder services.

FISCAL SUMMARY

Expenditures	FY 20-21 Adopted	FY 21-22 Projected	FY 22-23 Projected
Budgeted Expenses			
Additional Appropriation Requested	2,791,397		
Total Expenditures	2,791,397	0	0
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance	2,791,397		
Contingencies			
Total Sources	2,791,397	0	0

Narrative Explanation of Fiscal Impacts:

Increased appropriations for necessary budgetary expenditures and reimbursements are needed due to utilization fluctuation. Funding will come from use of Intergovernmental Revenue fund balance as needed up to \$2,791,397. This includes \$1,262,547 for Managed Care Costs and Out of County Hospital costs for Non Medi-Cal Clients, and \$1,528,850 for Residential Care Facilities and Hospital Inpatient services. Delegated Authority increase of \$647,305 for Temporary Staffing agency costs will be funded through current staffing vacancies. The Department anticipates to have some contract savings in other areas that will offset the use of fund balance usage. However, the extent of the offset will not be fully known until the end of the fiscal year.

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 - Mental Health and Substance Use Disorder Treatment Services Providers

Attachment 2 - Budget Resolution

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

None