

**County of Santa Clara**  
**Technology Services and Solutions Department**



24-5589

**DATE:** May 7, 2024 (Item No. {{item.number}})

**TO:** Board of Supervisors

**FROM:** Nina D'Amato, Chief Information Officer  
Matthew Hada, Director of Procurement

**SUBJECT:** Netsmart Contract Renewals

**RECOMMENDED ACTION**

Consider recommendations relating to Contract No. CW2232919 and Contract No. CW2230710 with Netsmart Technologies, Inc. (LA-1)

Possible action:

- a. Approve Eighth Amendment to Agreement CW2232919 with Netsmart Technologies, Inc., relating to myAvatar hosting, on-going subscription, and software licenses increasing the maximum contract amount by \$15,095,661 from \$21,985,830 to \$37,081,491 and extending the agreement for a five-year period through May 20, 2029, that has been reviewed and approved by County Counsel as to form and legality. An exception to Board of Supervisors Policy 5.4.5.4, Length of Term of Contracts, has been approved by the Office of Countywide Contracting Management.
- b. Approve Third Amendment to Agreement CW2230710 with Netsmart Technologies, Inc., relating to myAvatar professional services and related support services increasing the maximum contract amount by \$2,875,365 from \$6,044,391 to \$8,919,756 and extending the agreement for a five-year period through May 20, 2029, that has been reviewed and approved by County Counsel as to form and legality. An exception to Board of Supervisors Policy 5.4.5.4, Length of Term of Contracts, has been approved by the Office of Countywide Contracting Management.

**FISCAL IMPLICATIONS**

Approval of the recommended action would have no impact on the County General Fund. The existing contract purchases have been in Behavioral Health Services Department (BHSD). Therefore, BHSD would absorb the vendor contract renewal associated cost for noted term through FY 2029 within its approved budget.

## **CONTRACT HISTORY**

### **CW2232919**

On February 29, 2024, the Director of Procurement executed the Seventh Amendment to add Exhibit E-I.2, Supplemental Statement of Work–Netsmart Revenue Optimization Services. There was no increase to the not-to-exceed (NTE) value.

On January 1, 2024, the Director of Procurement executed the Sixth Amendment to add Exhibit E-I.1, Supplemental Statement of Work–Netsmart Revenue Optimization Services. There was no increase to the NTE value.

On December 13, 2022 (Item No. 77), the Board of Supervisors executed the Fifth Amendment, increasing the NTE value of this Agreement by \$1,943,000 to \$21,985,830 from \$20,042,830.

On May 21, 2022, the Chief Procurement Officer executed the Fourth Amendment, increasing the NTE value by \$487,632 to \$20,042,830 from \$19,555,197.

On May 12, 2020 (Item No. 48), the Board executed the Third Amendment, increasing the NTE value by \$5,666,864 from \$13,893,333 to \$19,555,197.

On April 4, 2020, the Interim Chief Procurement Officer executed the Second Amendment, increasing the NTE value by \$257,333 from \$13,636,000 to \$13,893,333.

On January 3, 2020, the Interim Chief Procurement Officer executed the First Amendment, increasing the NTE value by \$185,000 from \$13,451,000 to \$13,636,000.

On May 21, 2019 (Item No. 25), the Board approved a contract to Netsmart Technologies, Inc., for a suite of software, hardware, and services for implementation of a complete myAvatar Electronic Health Record (EHR) System for Behavioral Health Services. The term of the agreement is from May 21, 2019, through May 20, 2024, with an NTE value of \$13,451,000.

### **CW2230710**

On April 19, 2022 (Item No. 54), the Board executed the Second Amendment to extend the term date to May 20, 2024, and increase the NTE value by \$1,095,170 from \$4,949,221 to \$6,044,391. The Agreement Number was changed from CW2224959 to CW2230710.

On December 18, 2017, the Director of Procurement executed the First Amendment to incorporate the on-premise myAvatar Addiction Management to Netsmart Cloud Hosting Service, increasing the NTE value by \$150,000 from \$4,799,221 to \$4,949,221.

On May 15, 2017, the Procurement Department issued a Request for Proposals (RFP), under full and open competition, resulting in Agreement CW2224959 with Netsmart Technologies, Inc., for the myAvatar California Practice Management (Cal-PM) solution. The term of the Agreement was May 15, 2017 through May 14, 2022, with an NTE value of \$4,799,221.

## **REASONS FOR RECOMMENDATION AND BACKGROUND**

*Reason(s) for approval of amendment:* Under an administrative order, the Chief Procurement Officer's signature authority for goods and related services shall not exceed \$5,000,000;

therefore, Board of Supervisors approval and execution of the contract extension for the Netsmart Agreements is requested.

With no change to the scope of the existing Agreement, the recommended action would extend the term through May 20, 2029 and add funding to ensure that the County continues to receive necessary Netsmart services through the remaining term of the Agreement.

As the State continues to impose new billing and reporting requirements for Substance Use and Treatment Services (SUTS) and Specialty Mental Health Services through California Advancing and Innovating Medi-Cal (CalAIM) Payment Reform and other initiatives, the County must continually implement changes to its billing system and address issues that arise with claim submission to the State. Netsmart has been providing support to ensure that its EHR solution is responsive to the changes required. Under the proposed contract amendments, Netsmart will continue to provide these services to support the County's efforts to submit timely and compliant claims from County and CCP clinics and to maximize reimbursement from the State and other payers for the critical mental health and substance use treatment services that the County and its contractors provide.

Netsmart provides an EHR system and related services that helps ensure that BHSD can comply with State regulations, to maximize revenue from the State for behavioral health services provided to Santa Clara County beneficiaries, and to report required information to the State with clarity and accuracy. Netsmart EHR also provides BHSD the foundation necessary to implement CalAIM.

This Netsmart EHR solution is integrated with over 35 County Contracted Providers (CCPs) to allow for electronic billing, exchange of client information, and other capabilities necessary to achieve the quality and whole-person-care approach targeted by the CalAIM initiative. The CCPs utilize Netsmart Provider Connect Enterprise or Provider Connect NX to help reduce dual entry, improve quality, streamline care, and establish real-time integration with BHSD's EHR.

*Reason for exception to Board Policy:* Pursuant to Board Policy 5.4.5.4, exceptions to the maximum five-year term of contracts must be approved by the Office of Countywide Contracting Management. Attached to this Legislative File is a copy of OCCM's approval of the exception.

### **CHILD IMPACT**

The recommended action would have a positive impact on the quality and care coordination of specialty mental health and SUTS provided to our children and youth population.

### **SENIOR IMPACT**

The recommended action would have a positive impact on the quality and care coordination of specialty mental health and SUTS provided to our senior population.

### **SUSTAINABILITY IMPLICATIONS**

The recommended action will have no/neutral sustainability implications.

### **CONSEQUENCES OF NEGATIVE ACTION**

Failure to approve the recommended action would have negative consequences. It would immediately prevent BHSD from performing mandatory documentation and billing of

behavioral health services provided by County clinics. It would also halt BHSD's ability to receive claims and information from the rest of the behavioral health system across the County, including all the CCPs that rely on the myAvatar system for both the appropriate syncing of relevant beneficiary/client information and claiming (to the County) for services provided. Failure to approve the recommended action would prevent ongoing compliance with mandatory State reporting and would hinder the County's tracking of opioid recovery medication delivery and inventory management. Critically, it would also stop the County (at least temporarily, which would have long term impacts) from billing the State for all Medi-Cal reimbursable services (ranging in the hundreds of millions of dollars annually) for the whole system (Specialty Mental Health Services, SUTS, County provided and CCP provided services). It would also substantially impair the County's ability to meet the demands of CalAIM.

### **STEPS FOLLOWING APPROVAL**

Please notify Michael Fogelstrom of the Office of Countywide Contracting Management; David Strausser of Central Procurement; Alice Bailey, Pomi Amjad, Jecelyn Zaha, and Ida Rosenblum of Technology Services and Solutions when Netsmart CW2232919 Amendment No. 8 and Netsmart CW2230710 Amendment No. 3 are executed and provide all with electronic copies of the executed Amendments.

### **ATTACHMENTS:**

- Netsmart CW2232919 Amendment 1 Executed
- Netsmart CW2232919 Amendment 2 Executed
- Netsmart CW2232919 Amendment 4 Executed
- Netsmart CW2232919 Amendment 6 Executed
- Netsmart CW2232919 Amendment 7 Executed
- Netsmart CW2232919 Amendment 8 Partially Executed
- Netsmart CW2224959 Agreement
- Netsmart CW2224959 Amendment 1 Executed
- Netsmart CW2230710 Amendment 3 Partially Executed
- CW2232919 Netsmart Beyond 5 Year Contract Term Signed
- CW2230710 Netsmart Beyond 5 Year Contract Term Signed
- Levine Act Contractor Form