

County of Santa Clara
Behavioral Health Services Department



23-1740

DATE: January 23, 2024 (Item No. {{item.number}})

TO: Board of Supervisors

FROM: Sherri Terao, Director, Behavioral Health Services

SUBJECT: Amendment to FY 2023-2024 Delegation of Authority for Behavioral Health SD/MHSA and SUTS Contracts

RECOMMENDED ACTION

Consider recommendations relating to Behavioral Health Services Department Short-Doyle (SD)/Mental Health Services Act (MHSA) and Substance Use Treatment Services (SUTS) contracts. (LA-1)

Possible action:

- a. Adopt amended Resolution delegating authority to the County Executive, or designee, to negotiate, execute, amend, or terminate SD/MHSA and SUTS contracts with various entities to provide behavioral health treatment services, increasing the maximum delegated amount by \$20,000,000 from \$389,000,000 to \$409,000,000 for agreements under delegation of authority to start no earlier than July 1, 2023 and end no later than June 30, 2024, following approval by County Counsel as to form and legality, and approval by the Office of the County Executive. Delegation of authority shall expire on June 30, 2024.
- b. Approve Request for Appropriation Modification No. 139 - \$20,000,000 increasing estimated revenue and expenditure appropriations in the Behavioral Health Services Department budget, relating to increasing the behavioral health SD/MHSA and SUTS contracts. (4/5 Vote)

FISCAL IMPLICATIONS

The recommended actions would have no net impact to the County General Fund. Approval of the recommended actions would increase the Behavioral Health Services Department's (BHSD) Delegation of Authority (DOA) for SD/MHSA, and Substance Use Treatment Services (SUTS) by \$20,000,000 from \$389,000,000 to \$409,000,000 for Fiscal Year (FY) 2023-24, which would support BHSD's ability to provide clients with timely access to behavioral health services. The requested \$20,000,000 increase is funded solely through \$5,345,477 State Realignment 2011 and Mental Health Services Act (MHSA) funds, and

\$14,654,523 Medi-Cal reimbursement funds.

The other SD/MHSA programs included under this DOA are supported through one or more of the following funding sources: Department of State Hospitals (DSH); California Work Opportunity and Responsibility to Kids (CalWORKs); City of San Jose; City of Palo Alto; City of Mountain View; Behavioral Health County General Fund; FIRST 5 of Santa Clara County; Measure A; Medi-Cal Federal Financial Participation; MHSA; Projects for Assistance in Transition from Homelessness (PATH) Grant; Probation Department; Social Services Agency; State Realignment; Assembly Bill (AB) 109 (Public Safety, Behavioral Health and Mental Health); Substance Abuse and Mental Health Services Administration (SAMHSA); Proposition 47; and the U.S. Department of Housing and Urban Development (HUD).

The other SUTS programs included under this DOA are funded through one or more of the following funding sources: Medi-Cal Federal Financial Participation; Measure A; State Realignment; AB 109; Drug Court Partnership (DCP); Comprehensive Drug Court Implementation (CDCI); Probation Department; Social Services Agency; Proposition 47; SAMHSA; American Rescue Plan Act of 2021 (ARPA) Grant; Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA); and Substance Abuse Prevention and Treatment Block Grant (SABG) (including, Prevention, Friday Night Live, Perinatal, Adolescent/Youth, and Discretionary).

CONTRACT HISTORY

On May 7, 2019 (Item No. 29), the original DOA to execute BHSD SD/MHSA and SUTS contracts was approved by the Board of Supervisors (Board) for FY 2019-2020 services in the amount of \$285,000,000 with an expiration date of December 31, 2019.

On December 17, 2019 (Item No. 49), the Board approved an extension of the DOA through June 30, 2020 to allow BHSD to continue to meet State and Federal Managed Care requirements as deemed necessary by the Department of Health Care Services (DHCS).

On April 21, 2020 (Item No. 42), the Board approved to extend the DOA through June 30, 2021 and increase the cumulative maximum contract amount by \$285,000,000 from \$285,000,000 to \$570,000,000, to allow BHSD to continue to meet State and Federal Managed Care requirements as deemed necessary by the DHCS for FY 2020-2021 services.

On April 20, 2021 (Item No. 44), the Board approved to extend the DOA through June 30, 2022 in the amount of \$285,000,000 to continue the ongoing contract adjustments required to fill behavioral health service gaps in accordance to State and Federal Managed Care regulations.

On April 19, 2022 (Item No. 53), the Board approved a BHSD DOA for SD/MHSA and SUTS in the amount of \$285,000,000 to allow BHSD to continue to provide timely services

through FY 2022-2023 as the Santa Clara County's Mental Health Plan (MHP) under State and Federal Regulation.

On May 16, 2023 (Item No. 33), the Board approved a Resolution amending the DOA increasing the cumulative maximum contract amount by \$84,000,000 from \$285,000,000 to \$369,000,000, to allow BHSD to continue to meet State and Federal Managed Care requirements as deemed necessary by the DHCS for FY 2022-2023 services.

On June 6, 2023 (Item No. 36), the Board approved a Resolution delegating authority to negotiate, execute, amend, or terminate SD/MHSA and SUTS agreements in the amount of \$389,000,000 to allow BHSD to continue to provide timely services through FY 2023-2024 as the Santa Clara County's Mental Health Plan (MHP) under State and Federal Regulation.

REASONS FOR RECOMMENDATION AND BACKGROUND

The recommended actions would amend BHSD's SD/MHSA and SUTS DOA to increase the maximum contract amount by \$20,000,000 from \$389,000,000 to \$409,000,000, to cover necessary increases to County Contracted Providers' (CCP) maximum financial obligations (MFO) to support their abilities to increase productivity and sustain crucial services under the newly implemented California Advancing and Innovating Medi-Cal (CalAIM) Payment Reform.

Implemented on July 1, 2023, CalAIM Payment Reform has radically shifted county behavioral health services across California to be billed through a new fee-for-service (FFS) structure. Understanding that this unprecedented and massive payment reform would require flexibility, BHSD and its CCPs worked closely together during FY 2023-2024 contract renewals to estimate MFOs that were based on FY 2022-2023 projections with the understanding that said MFOs would be reviewed again once CalAIM Payment Reform was implemented. Additionally, BHSD contracted with CBIZ Optumas (Optumas) to provide consultation services for re-evaluating provider rates, rate setting, and negotiations to establish and negotiate payment rates with CCPs to ensure sufficient funding to operate programs within CalAIM's FFS reimbursement system.

In partnership with Optumas, CCPs, and the Santa Clara Valley Healthcare (SCVH) Team, BHSD has reviewed the CCPs' MFOs post-implementation and determined that a \$20,000,000 increase to the FY 2023-2024 SD/MHSA and SUTS DOA is necessary to support the CCPs abilities to increase productivity and bill under the new CalAIM Payment Reform structure in a manner that would sustain the CCPs' critical services and ensure their ongoing availability.

The revised DOA maximum contract amount would also cover budget adjustments, as well as other changes, such as utilization based on staffing levels and community needs; minor adjustments to scopes of work; address changes; contact changes; etc. The requested

amendment to the DOA for FY 2023-2024 would also continue to support BHSD's ability to ensure contract compliance with State and Federal regulations and to avoid sanctions, fines, or audit recoupments.

Currently, there are approximately 50 master contracts with 201 scopes of work for SD/MHSA, and 11 SUTS master contracts with 22 programs using the FY 2023-2024 SD/MHSA and SUTS DOA during FY 2023-2024 contract renewals to continue services.

The current FY 2023-2024 executed contracted amounts for SD/MHSA (**Table 1**) and SUTS (**Table 2**) programs are as follows:

Table 1

FY 2023-2024 SD/MHSA Service Programs	Budgeted Amount
Adult and Older Adult (AOA)	
Adult Residential Treatment Services	\$4,353,912
AOA Intensive Outpatient Program Continuum (AOT)	\$1,526,902
AOA Outreach Services Program	\$10,328,713
AOA Transitional Housing Units	\$2,600,000
AOA Transitional Residential Treatment Services	\$1,704,301
CalAIM Incentives	\$390,000
Community Wellness Centers	\$2,534,641
Crisis Residential Treatment Services	\$9,217,390
Crisis Stabilization Unit Services	\$2,847,008
Full-Service Partnership Continuum	\$33,846,313
Outpatient Continuum Services	\$57,929,404
Prevention and Early Intervention	\$2,361,111
Children, Youth and Family (CYF)	
CalAIM Incentives	\$180,000
Community Wellness Centers	\$1,569,386
Crisis Continuum of Care Services	\$8,300,864
Crisis Stabilization Units	\$7,332,309
Facility-Based Intensive Outpatient Programs	\$256,940
Full-Service Partnership Continuum	\$16,136,667
Outpatient Continuum Services	\$101,214,404
Prevention and Early Intervention	\$11,029,351
School-Linked Services	\$7,997,275
Short-Term Residential Therapeutic Services	\$189,501
Specialized Foster Care Supportive Services	\$1,458,085

Stabilization Services	\$3,441,044
The Welcoming Center Services	\$509,678
Wraparound Services	\$15,637,560
Youth Therapeutic Integrated Programs	\$1,274,750
Forensic, Diversion, and Reintegration (FDR)	
Crisis Stabilization Unit	\$8,032,704
Full-Service Partnership Continuum	\$13,622,292
Outpatient Continuum Services	\$2,694,353
Transitional Housing Units	\$1,755,776
Supportive Housing Services (SHS)	
CalAIM Incentives	\$90,000
Supportive Housing Intensive Services	\$20,640,555
SD/MHSA Total:	\$353,003,189

Table 2

FY 2023-2024 SUTS Programs	Budgeted Amount
Substance Use Treatment Services (SUTS) Adolescent Services	
SUTS Youth Outpatient Program	\$1,410,530
SUTS Youth Residential Treatment Program	\$1,235,391
SUTS Adult Services	
SUTS Adult Detox Residential Treatment Program	\$2,355,218
SUTS Adult Intensive Outpatient Program	\$3,044,010
SUTS Adult Outpatient Program	\$7,653,386
SUTS Adult Recovery Incentive Program	\$903,553
SUTS Adult Residential Treatment Program	\$11,897,806
SUTS Recovery Residences	
SUTS Recovery Residences	\$3,953,107
Narcotic Treatment Program (NTP) /Opioid Treatment Program (OTP)	
SUTS Dosing Services Program	\$1,124,090
SUTS Total:	\$33,577,091

All contracts executed under this DOA are reviewed for compliance with County Standards by County Counsel and a Deputy County Executive prior to DOA use. Due to the volume of ongoing CCP meetings, negotiations, performance analysis, and financial analysis that must occur to determine the areas in each CCP's service mix that require adjustments, taking all programs to the Board of Supervisors would result in a delay or interruption of crucial services and risk timely compliance with State-mandated regulations.

BHSD is Santa Clara County's Medi-Cal Behavioral Health Managed Care Plan administrator and is required by State and Federal regulations to provide for or arrange behavioral health services for Medi-Cal beneficiaries. Mental health contract services are contained in two types of services: Short-Doyle Medi-Cal and MHSA. Mental health and substance use treatment services are provided to severely mentally ill children, youth, adults, and older adults from all ethnic and cultural populations represented in the county.

BHSD continues to work with DHCS to update its contract terms on a regular basis, as DHCS regularly issues updated Behavioral Health Information Notices that clarify, amend existing, and/or add new State and Federal regulations and requirements related to the delivery of behavioral health services. To comply with this ongoing robust reform of regulations, BHSD also regularly meets with its CCPs and updates their contracts as necessary. This includes distributing memos along with hosting comprehensive trainings, monthly meetings, and question and answer sessions to ensure that CCPs are informed of or in compliance with these new requirements.

In addition, since November 2018, BHSD has held monthly meetings with individual CCPs to regularly discuss CCP contracts, programs, service capacity, and budgets. BHSD Division Directors, the Finance Manager, the Senior Health Care Program Manager, and the Program Manager for System Initiatives participate in these meetings.

BHSD continues to work closely with the CCPs to address financial challenges that arise and to make any contractual adjustments that may be appropriate. This ensures adequate fiscal resources for CCPs to better serve County clients while maintaining the County's ability to leverage and reimburse from non-County General Fund revenues (e.g., Realignment and MHSA) in support of its services. Specifically, the purpose of BHSD's adjustments is to:

Address CCP's difficulty recruiting and retaining clinical and quality staff given the statewide professional shortage and the competitive Bay Area behavioral health market;

Provide contracted service capacity to meet the needs of BHSD clients;

Comply with the Network Adequacy and Timely Access Standards for MHP and DMC-ODS;

Ensure the County and BHSD providers meet reimbursement rate criteria and generate revenue for the system; and,

Address contract flexibilities, which include program name changes and merging specific programs within the CYF system of care, the AOA system of care, and SHS to allow for continuity of care within each contract provider's system.

CHILD IMPACT

The recommended actions would have a positive impact on children and youth by supporting the timely delivery of contracted behavioral health services for this target population.

SENIOR IMPACT

The recommended actions would have a positive impact on seniors by supporting the timely delivery of contracted behavioral health services for this target population.

SUSTAINABILITY IMPLICATIONS

The recommended actions balance public policy and program interests and enhances the Board of Supervisors' sustainability goal of social equity and safety by ensuring behavioral health services are accessible and provided to the residents of Santa Clara County in a timely manner. The recommended actions would also ensure that BHSD is in compliance with State and Federal regulations.

CONSEQUENCES OF NEGATIVE ACTION

Failure to approve the recommended actions would negatively impact BHSD's ability to reimburse CCPs for services provided and the CCPs' ability to sustain sufficient and timely behavioral health services for the residents of Santa Clara County.

STEPS FOLLOWING APPROVAL

Priority processing is requested for this DOA to ensure timely execution of necessary amendments to reimburse CCPs. Upon approval, the Clerk of the Board is requested to send an e-mail notification to Angeleah Macatiag (Angeleah.Macatiag@hhs.sccgov.org), Evonne Lai (Evonne.Lai@hhs.sccgov.org), and Earl Ong (Earl.Ong@hhs.sccgov.org).

ATTACHMENTS:

- SD/MHSA and SUTS Contracts Resolution