

**MEMORANDUM  
PLACER COUNTY HEALTH AND HUMAN SERVICES  
Adult System of Care**

**TO:** Honorable Board of Supervisors

**FROM:** Richard J. Burton, M.D., M.P.H.  
Placer County Health Officer and Director of Health & Human Services  
Maureen F. Bauman, Director of Adult System of Care

**DATE:** March 7, 2006

**SUBJECT:** Approve Agreement with State Department of Mental Health (DMH) for State Hospital Bed Usage for FY 2005/06

---

---

**ACTION REQUESTED:**

Approve the agreement with the State of California Department of Mental Health (DMH) for State hospital bed usage during FY 2005/06 in the amount of \$523,060, and authorize the Chairman of the Board to sign the agreement on behalf of Placer County.

**BACKGROUND:**

Placer County is responsible for establishing community mental health services to cover the entire area of the County pursuant to California Welfare and Institutions Code Section 4330. (This code section is included in Attachment A for your information). As a part of this service, Placer County is committed to providing an integrated and coordinated range of services appropriate to the needs of each client. The State hospital is one provider in this range of services.

As your Board knows, costs have increased for mental health services without any increased state funding. Pursuant to 1991 Realignment Statutes, counties are financially responsible for patients placed at State hospitals. The Placer County Systems of Care has responded by eliminating less critical services, shortening the length of service, and identifying persons with the most critical need to serve. Most of these individuals reside in their communities, except for a small number who are so severely disabled that they require long-term treatment and care at State hospitals.

Initial planning assumptions for the current fiscal year remain at 4 adult beds and 0 youth beds based on actual usage that occurred during the 4<sup>th</sup> quarter of the last fiscal year. This stabilization of bed usage is a direct result of our efforts to effectively manage this costly service. The 2005/06 agreement reflects our initial estimates for bed usage in state hospitals for Placer County patients, for a total annual cost of \$523,060. This is a decrease of \$160,180 over last year's expenditure for 5 beds (\$683,240). Current bed occupancies include 1 Murphy conservatee (adults who are part of the criminal justice system who have not been brought to competency after 3 years) and 3 County residents (adults) needing this level of care. Placer County is committed to exhausting all other possible levels of service prior to the recommendation for a State hospital placement, the most costly care option.

**FISCAL IMPACT:**

Funding for State hospital costs consist of Realignment and County General Fund and are budgeted at \$523,060 for FY 2005/06.

**WELFARE AND INSTITUTIONS CODE**

**4330.** The State Department of Mental Health shall be reimbursed for use of state hospital beds by counties pursuant to Part 1 (commencing with Section 5000) of Division 5 as follows:

a) (1) For the 1991-92 fiscal year, the department shall receive reimbursement in accordance with subdivision (b) of Section 17601. This total may be adjusted to reflect any and all amounts previously unallocated or held in reserve for use by small counties and any adjustments made pursuant to Chapter 1341 of the Statutes of 1990.

(2) It is the intent of the Legislature to encourage and allow greater flexibility with respect to resources during the first transitional year, and, to this end, the Director of Mental Health may implement proposals for purchase in or purchase out of, state hospital beds which were proposed in accordance with Chapter 1341 of the Statutes of 1990.

(3) Funds and bed days historically allocated to small counties shall be allocated to counties with no allocation.

(b) Commencing with the 1992-93 fiscal year and each fiscal year thereafter, the department shall be reimbursed in accordance with the contracts entered into pursuant to Section 4331.

(c) The rate of reimbursement which shall apply each fiscal year shall be determined by the department and shall include all actual costs determined by hospital and by type of service provided. Any costs resulting from over expenditure in the previous year shall be clearly separated from actual costs projected for the contract year and identified as a part of the rate negotiation. Costs shall not include costs incurred for capital outlay relating to existing facilities or capacity, which shall remain the responsibility of the state. Costs for capital outlay related to future expansions or construction of new facilities requested by any county or cost related to innovative arrangements under Section 4355 shall be a cost to the county unless the expansion, construction or innovative arrangements are determined to be of statewide benefit. Pursuant to Section 11343 of the Government Code, the rate of reimbursement shall not be subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(d) After final determination of state hospital costs for patients covered under Part 1 (commencing with Section 5000) of Division 5, funds that remain unencumbered at the close of the fiscal year shall be made available to counties that used fewer state hospital beds than their contracted number, proportional to the contracted amount not used, but this amount shall not exceed the value of the unused contracted amount. These funds shall be used for mental health purposes.

The following contract with:

**STATE OF CALIFORNIA DEPT OF  
MENTAL HEALTH, STATE  
HOSPITAL BED CONTRACT  
FY05/06**

is on file with the Clerk of the Board  
for BOS meeting:

**March 7, 2006**

