

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, Adult System of Care

DATE: June 13, 2006

SUBJECT: Approve Contracts for Mental Health Services for FY2006-07 and Amendments to Contracts for FY2005/06 and FY2005/07

ACTION REQUESTED:

1. Approve contracts with Crestwood Behavioral Health, Merced Behavioral Health Center, North Valley Behavioral Health, Telecare Corporation and Willow Glen Care Center for Mental Health Services totaling \$4,630,462.
2. Approve amendment to FY05/06 contract with Telecare Corporation for Mental Health Services totaling \$65,000.
3. Approve amendments to FY05/07 contracts with BHC Hospitals for Mental Health Services totaling FY05/06, \$75,000 (Heritage Oaks) and FY06/07 \$95,200 (Heritage Oaks) and \$44,800 (Sierra Vista).

BACKGROUND:

This group of 7 contracts represents the highest levels of care for adults with significant mental disorders. They have been negotiated to effectively maximize available funding while at the same time responding to increased service demands in critical areas of our mental health system. The demand for acute services continues to be a challenge as we manage our facility utilization. The Adult System of Care is developing new interventions (validated through a review by outside consultants) that will reduce the utilization of these deep-end services and invest in lower levels of care. Strategies for shorter stays and avoidance of hospitalization are in place for FY06-07 as well as a part of the Mental Health Services Act implementation.

The FY05/06 Telecare contract will require a current year amendment (primarily due to increased utilization resulting in increased operational and pharmacy costs), and the FY06/07 contract will include a negotiated 3% increase in cost of living and operating costs, substantially less than the 10% Medical Care CPI increase over the last 12 months. The rates at the remaining facilities (Crestwood, North Valley PHF, Merced Manor, and Willow Glen) have also increased. Changes for FY06/07 include service level reductions in the BHC contracts, redistribution of utilization from the Crestwood contract to Willow Glen (in order to increase federal participation through billing), and stabilization of service levels at North Valley Behavioral & Merced Behavioral Health. Contract amendments are also necessary for the FY05/07 (2-year) agreements with BHC Hospitals, Heritage Oaks and Sierra Vista, to increase funding due to higher utilization for the first part of this year and anticipated reductions in utilization for next fiscal year. Specific contract areas include:

- Negotiated increase of Telecare contract due to increased operational costs
- Effective use of North Valley Behavioral Health to increase federal participation of reimbursement
- Decreased use of Crestwood Behavioral Health based on placements to lower levels of service
- Stable use of Merced Manor for persons with placement issues in need of long term placement
- Increased use of Willow Glen Care Center to increase federal participation of reimbursement
- Reduction of BHC Heritage Oaks and Sierra Vista Hospitals

Provided is a list of the actual contracts, types of services, change in dollars and brief explanations (Attachment A) as well as provider and contract summaries (Attachment B).

FISCAL IMPACT:

Sources of funding for these increased costs are derived from patient fees, State and Federal Medi-Cal reimbursements, Realignment and County General Funds as described in Attachment A.

ASOC MENTAL HEALTH CONTRACT RECOMMENDATIONS FOR REMAINDER OF 05/06 and 06/07

ATTACHMENT A

Contractor	Amendment Number	Service	2005/06 Contract Amount	Amendment to 2005/06	Final Contract Amount for 2005/06	2005/07 Contract Amount	Change from 05/06 to 06/07	Explanation of Amounts	2006/07 Funding Distribution			
									Medi-Cal	Reassignment	County	Fees
Mentis Health Services												
Contracts for 2006-07 have been adjusted to increase cost-effective use of resources while responding to the increased demand for services.												
Therapeutic Corporation	12078-A (FY05/06 contract)	Operation of Carby Hills Psychiatric Health Facility (PHF)	\$2,212,304	\$65,000	\$2,277,304	\$2,269,735	\$12,431	Negotiated 3% increase. Amendment to current contract based on increased operational costs (Medical Care CPI increase is 10%)	35% (\$801,407)	45% (\$1,030,381)	17% (\$385,235)	3% (\$68,892)
North Valley Behavioral Health	n/a	In-patient mental health services (PHF)	\$178,000	\$0	\$178,000	\$228,125	\$49,125	Remains at 05-06 utilization level. Rate increase. (\$625/day)	45% (\$102,656)	39% (\$68,965)	16% (\$36,500)	0%
Creswood Behavioral Health	n/a	Institute for Mental Diseases/Saeco Treatment Programs (IMDS/STP), Mental Health Rehabilitation Centers (MHRC) and Transitional Residential Services (TRS). All 9 facilities are locked.	\$1,473,594	\$0	\$1,473,594	\$1,197,110	-\$276,484	Reduction in Use, Rate increase (Base Rate \$141 + Enhancements Rates range \$10-\$118)	0%	64% (\$766,150)	26% (\$355,151)	8% (\$65,789)
Meredith Behavioral Health Center	n/a	Residential Care in Skilled Nursing Facility. Facility is locked.	\$218,067	\$0	\$218,067	\$218,067	\$0	Remains at 05-06 level. Rate increase (\$141/day)	0%	64% (\$139,573)	29% (\$1,059)	8% (\$17,445)
Low Gen Care Center (includes Rosewood Care Center)	n/a	Residential Transitional Treatment Services Facility is secured.	\$547,375	\$0	\$547,375	\$397,425	\$150,650	Consolidation of Willow Gen Care & Rosewood Care increased utilization. Rate increase (Rate range \$85)	36% (\$209,228)	45% (\$371,738)	21% (\$46,459)	0%
TOTAL			\$4,630,340	\$65,000	\$4,695,340	\$4,650,452	-\$64,878		\$1,113,291	\$2,366,801	\$968,464	\$181,306

Contractor	Amendment Number	Service	2005/06 Contract Amount	Amendment to 2005/06	Final Contract Amount for 2005/06	2006/07 Contract Amount	Change from 05/06 to 06/07	Explanation of Amounts	2006/07 Funding Distribution			
									Medi-Cal	Reassignment	County	Fees
BHC Hospital contracts for 05/07 have been adjusted due to higher utilization for the first part of this year and anticipated reductions in utilization for new fiscal year.												
BHC Hemlock Oaks Hospital (2 yr contract)	12075-C (FY05/07)	Acute Inpatient Services	\$286,000	\$75,000	\$361,000	\$56,200	\$145,200	Reduction in Use (\$773/day)	0%	70% (\$101,840)	30% (\$43,560)	0%
BHC Sierra Vista Hospital (2 yr contract)	12082-C (FY05/07)	Acute Inpatient Services	\$194,000	\$0	\$194,000	\$44,800	\$119,200	Reduction in Use (\$773/day)	0%	70% (\$52,360)	30% (\$22,440)	0%
TOTAL			\$480,000	\$75,000	\$555,000	\$80,000	-\$335,000		0%	\$154,200	\$65,000	0%

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Adult System of Care Provider Summary

ATTACHMENT B

June 13, 2006

TELECARE:

This is the 6th year of contracted services with the Telecare Corporation, an Oakland based corporation, for the daily operations of the County's Psychiatric Health Facility (PHF). Telecare has partnered with Placer County in a unique arrangement that utilizes a combination of County and provider staff working together to provide this critical component of our system. A joint quality assurance and review process has been established to review the program quality and outcomes. The Placer County PHF operates at full capacity (16 beds). Program staff has worked diligently to discharge persons to lower levels of care, in order to provide the least restrictive and clinically appropriate treatment and to reduce the high cost of locked psychiatric facilities. The utilization of client satisfaction surveys has been successful in providing feedback regarding treatment planning, interventions, and overall services received.

NORTH VALLEY BEHAVIORAL HEALTH FACILITY:

This is the 2nd year of contracted services with North Valley Behavioral Health Facility (NVBHF). Last year, a consortium of regional and small counties collaborated to utilize mutually advantageous access to Psychiatric Health Facility (PHF) beds and the North Valley Behavioral Health Facility was created. The consortium formed a PHF Advisory Committee which meets monthly to monitor utilization and rates and to resolve any issues that may arise. The program is designed to have flexibility in that unused beds assigned to a participating county may be made available to another participating county at a reimbursement rate of \$625 a day. NVBHF is certified to receive Federal Medi-Cal reimbursements. This facility will continue to provide overflow capacity for our County in-patient services at a lower rate than the private hospitals and will allow reimbursement of Federal Medi-Cal.

BHC HOSPITALS:

These two-year contracts represent the 6th and 7th year of contracted services with BHC Hospitals for service to Placer County adults and children who require acute inpatient mental health services at the Heritage Oaks Hospital and Sierra Vista Hospital. Additionally, this provider has been designated by the County as a facility for 72-hour detention and treatment in accordance with W&I 5150 and CCR Title 9 Section 820. The designation offers services for our children's population and overflow for adults from our PHF. These facilities are also the most expensive placements at \$773 a day. We continue to monitor placements in order to maintain a reduction in utilization. The Medi-Cal reimbursement for this service is requested directly by the hospital and not included in this contract. It should be noted that adults are not eligible for Medi-Cal reimbursement at this facility.

Adult System of Care Provider Summary
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MERCED BEHAVIORAL HEALTH CENTER:

This is the second year of contracted services with Merced Behavioral Health Center for residential care in a secured Skilled Nursing Facility. Merced Manor is a private corporation serving California counties since 1974. The 96-bed locked inpatient facility provides long-term psychiatric care for persons ages 18 and above with chronic and persistent mental illness who are unable to live independently. Residents must be ambulatory, have an AXIS I psychiatric diagnosis (not organic in nature) and a stable medical condition. The Merced program considers the patient's prior level of functioning and expected rehabilitation goals as well as a multi-disciplinary approach to treatment planning, structured living environment and structured group activities. Patients also receive individual behavior modification plans, group and individual therapy. Other services include healthy meals, dietary education and skilled nursing care. This facility offers alternative services from acute inpatient care (State Hospitals, Cirby Hills Psychiatric Health Facility and BHC Hospitals). We have reduced State and acute hospital costs by placing 4 patients with this provider.

CRESTWOOD:

This provider has a long-term relationship with Placer County spanning 20+ years of service to Placer County residents who require a structured therapeutic setting in a secure facility. Crestwood offers nine facilities throughout Northern California, which are licensed Institutes for Mental Disease/Special Treatment Programs (IMD/STP), Mental Health Rehabilitation Centers (MHRC) and Transitional Residential Services (TRS). For the past three years ASOC has continued to manage utilization of these facilities at reduced levels based upon our budget strategy and redesign of our Rosewood House Program at the Cirby Hills Facility. Quality services will continue to be received although it is expected that there will be reduced lengths of service provided to most clients. The utilization of outcome data related to length of stay and evaluation of client readiness to return to lower levels of care at discharge have been successful in providing feedback regarding treatment planning, interventions, and overall services received.

WILLOW GLEN:

This is the 8th year of contracted services with Willow Glen Care Center. This year, Willow Glen has joined with the Rosewood Care Facility (this is a different facility than the County-operated Rosewood House). This contract will include services for elderly and non-elderly mental health residents requiring long-term residential care in a 24-hour secured perimeter facility as well as step-down residential treatment in a transitional housing setting for adult patients transitioning to a lower levels of services. The primary utilization is for individuals who have an identifiable mental health condition in need of stabilization following a stay in an acute facility. This level of care provides an alternative to the locked IMD facilities and is more cost-effective because Federal Financial Participation is allowed.

The following contract for:

**HHS ASOC MENTAL HEALTH
CONTRACTS:**

1. **Telecare Corporation**
2. **North Valley Behavioral Health**
3. **BHC Heritage Oaks Hospital**
4. **BHC Sierra Vista Hospital**
5. **Crestwood Behavioral Health**
6. **Merced Behavioral Health Center**
7. **Willow Glen Care Center**

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

June 13, 2006

