

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

**TO:** Honorable Board of Supervisors

**FROM:** Jeffrey S. Brown, M.P.H., M.S.W., Director of Health and Human Services  
Maureen F. Bauman, Director of Adult System of Care

**DATE:** February 4, 2014

**SUBJECT:** Hospital Contract Amendment for FY 2013-15

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**ACTION REQUESTED:**

1. Approve contract amendment #CN005626-A with BHC Heritage Oaks Hospital in the amount of \$800,000 (\$480,000 budgeted net County cost) for mandated medically necessary mental health services for Placer County residents in need of psychiatric hospitalization from July 1, 2013 to June 30, 2015 for a revised total of \$1,020,000, and authorize the Director of Health and Human Services to sign subsequent amendments up to 10 percent of the total contract amount, consistent with the current agreement's subject matter and scope of work.

**BACKGROUND:**

Placer County Adult System of Care (ASOC) provided mandated mental health services to 2,600 people last year who were evaluated to determine if they were a danger to themselves, a danger to others, or gravely disabled due to a mental disorder according to State law (Welfare and Institutions Code section 5150). This year, the number of people needing mandated evaluations is projected to increase to 2,800 for an overall increase of 70 percent in the last eight years. This was anticipated and the hospital contracts were increased significantly (\$50,000 to \$250,000) to anticipate the increased usage. However, in the first quarter of this year usage has exceeded what was anticipated. Placer County is mandated to hospitalize people as necessary for their safety and, on average, 50 percent of those evaluated each year will require hospitalization.

Placer County has a continuum of care in place that includes a Psychiatric Health Facility (PHF), contracts with other county operated PHFs, and contracts with private psychiatric hospitals. The priority for placements is with the Placer County PHF or other PHFs as they are eligible for federal financial participation. The ASOC assures that each individual's medical insurance is used appropriately in this process to minimize County fiscal impact. The current contracted capacity of this mandated service is not enough to meet the increasing needs of this population triggering today's requested contract amendment. The level of this contract increase is necessary should the trend experienced in the first quarter of the year continue. However, it is hoped that strategies being implemented will mitigate this amount. This is the first of several contracts that will be brought to the Board of Supervisors for this purpose.

Health and Human Services is reviewing alternative strategies to address this growing population. Placer County will be applying for State funding to increase crisis intervention services as a strategy to decrease hospitalization. In addition there will be an evaluation of other alternatives to increase PHF capacity and to develop alternatives to hospitalization. It is anticipated that with the January 1, 2014 Health Care Reform implementation that more persons evaluated will have private insurance that will cover psychiatric hospitalization when necessary. This will further reduce the impact on the County.

This mandated continuum of psychiatric services can be expanded within the current budget. This is accomplished with reductions in cost for some budgeted residential services and operational savings projected for the current year.

This contract amendment was reviewed and recommended for Board of Supervisors approval by the Mental Health, Alcohol, and Drug Advisory Board at its December 16, 2013 board meeting.

**FISCAL IMPACT:**

The expenditure included in this amended contract is included in the Department's FY 2013-14 Final Budget and will be included in the FY 2014-15 Proposed Budget. Funding of \$400,000 in FY 2013-14 is provided by \$160,000 (40 percent) State funding and \$240,000 (60 percent) County General Funds. The remaining \$400,000 will be included in the Department's FY 2014-15 Requested Budget with the same funding split.

The contract amendment is on file with the Clerk of the Board for review.