

County of Santa Clara
Santa Clara Valley Health & Hospital System
Mental Health Services
Administration



HHS09 060909


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DATE: June 9, 2009

TO: Board of Supervisors

FROM: 
Kim Roberts
SCVHHS - Chief Executive Officer

SUBJECT: Performance-based Agreements with Short/Doyle Medi-Cal Contractors for the Provision of Outpatient Mental Health Services

RECOMMENDED ACTION

Consider recommendations relating to performance-based agreements with Short/Doyle Medi-Cal contractors for the provision of outpatient mental health services.

Possible action:

- a. Approve delegation of authority to SCVHHS Chief Executive Officer, or designee, to negotiate, execute, amend, extend, and terminate performance-based agreements with new and existing Short/Doyle Med-Cal contractors relating to providing outpatient

mental health services, provided that the contract amounts are within the Mental Health Department's approved budget, for period July 1, 2009 through June 30, 2013, 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, 2013.

- b. Approve delegation of authority to SCVHHS Chief Executive Officer, or designee, to execute amendments to prior year agreements to include, but not limited to: 1) revise the units of service, nature of service, rates per unit of service, or any other provision upon execution of a written amendment; 2) to allow the shifting of funds among contractors provided that the funds do not exceed the Mental Health Department's approved budget; 3) to extend the agreement for an additional 12-month term and to add additional funding for the extended term provided that the funds do not incur unbudgeted additional costs to the County; and/or 4) to modify the maximum financial obligation to pay for previously provided services identified following reconciliation of cost reports and contractors' interim payments, 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, 2015.

FISCAL IMPLICATIONS

There will be no impact on the County General Fund as a result of the recommended actions. Once the Board of Supervisors has approved the budget in any fiscal year, adjustments, if necessary, will be made to ensure that the MHD does not exceed the approved budget.

The total maximum financial obligation for FY09 Short/Doyle Medi-Cal contracts is approximately \$86 million; 32% of this total is County General Fund and 68% is revenue from other federal, state, and local sources.

Federal funding sources include Medi-Cal Federal Financial Participation (FFP), Projects for Assistance in Transition from Homelessness (PATH), the Substance Abuse and Mental Health Services Administration (SAMHSA), and the Department of Housing and Urban Development (HUD). State funding sources include Mental Health Services Act (MHSA), Early and Periodic Screening Diagnosis and Testing (EPSDT), the Mentally Ill Offender Crime Reduction (MIOCR) and Juvenile Justice Crime Prevention Acts (JJCPA), and AB3632 funds. Local funding sources include Social Services Agency and FIRST 5 Santa Clara County funds.

The Mental Health Department (MHD) is amending the FY09 Short/Doyle Medi-Cal contracts to implement a mid-year funding reduction. Contract budgets for FY10 will be negotiated with providers based on funding established by the FY10 recommended budget, which includes further reductions approximating \$5.7 million.

CONTRACT HISTORY

The Short/Doyle Act of 1957 required counties to provide mental health services utilizing a system that included county-operated and contract providers. Each year, the County executes an agreement with the State Department of Mental Health titled the "County Performance Contract" which establishes the reimbursement methodology for Santa Clara County. The State reviews and approves a rate for each type of service provided by the county and each of the Short/Doyle contractors. Payment rates are based on the County and contractor cost reports from the prior fiscal year, with the County establishing a cost-of-living adjustment (COLA) during the budget process, if applicable.

Short/Doyle Medi-Cal contract agencies are paid on an interim basis before the County receives various State and Federal revenues in order to expedite their cash flow. At the end of the year, earned Medi-Cal revenue is projected and additional earned Medi-Cal revenues as well as associated contractor payments are accrued. Following the end of the fiscal year, the County collects actual cost information from all contract agencies and files a Short/Doyle Medi-Cal cost report with the State. A reconciliation between the contractors' earned revenue, actual costs, and interim payments is performed and additional payments/recoupment are made. The State requires the County to maintain documentation for up to seven years following the end of the fiscal year.

In order to pay contractors who are due funds, amendments to their agreements to increase the maximum financial obligation will need to be executed. The reconciliation process occurs after the fiscal year during which the additional revenues are earned and the County must wait on the State to complete its review.

On May 18, 2004, the Board of Supervisors delegated authority to the Executive Director of SCVHHS, or designee, to execute performance-based agreements with existing Short/Doyle contractors and amend said agreements for period July 1, 2004 through June 30, 2005, and to extend the agreements for additional 12-month terms, with delegation of authority to expire on June 30, 2009.

This delegation of authority has enabled MHD to streamline its contracting process, both by reducing the number of transmittals submitted to the Board, and by providing additional time for negotiations with contract providers. Once the BOS has delegated contracting authority to the department, the department can execute an agreement following review and approval by County Counsel and the County Executive, which can be accomplished in two weeks' time, whereas submitting an item via transmittal to the Board of Supervisors requires approximately four weeks' time. In addition, the delegation of authority to amend agreements allows the MHD to readily amend contracts when changes occur to either programs or funding. Contracts often require amendments to adjust funding upon completion of contract reconciliation, which occurs after the end of the contract year.

The current delegation did not specifically provide the authority to execute agreements with new Short/Doyle providers. On occasion, the Mental Health Department (MHD) may have a need to add a new provider to the County's Short/Doyle network.

The Mental Health Department currently has Short/Doyle contracts for a broad range of services with the following contractors: AchieveKids, Asian Americans for Community Involvement, Catholic Charities of Santa Clara County, Chamberlain's Mental Health Services, Children's Health Council, City of San Jose (Grace Community Center), Community Solutions, Eastern European Services Agency, FamiliesFirst (formerly EMQ/Eastfield Ming Quong, Inc.), Emergency Housing Consortium, Family and Children Services, Gardner Family Care Corporation, HOPE Rehabilitative Services, Indian Health Center, InnVision, Kidango, Inc., Mekong Community Center, Law Foundation of Silicon Valley (Mental Health Advocacy Project), Momentum for Mental Health, Oasis Care, Inc., Rebekah Children's Services, Starlight Adolescent Center, Inc., Sunny Hills Children's Services, UJIMA Adult and Family Services, Inc., Unity Care, and Victor Treatment Centers. The Department is currently in negotiations to establish a new contract with another provider, Seneca Center.

MHD meets regularly with the contractors to monitor all aspects of contract compliance, as well as during the monthly claiming process to monitor services provided compared to the contracted amount for that period. Additionally, Quality Improvement audits are conducted on an ongoing schedule throughout the year. Complete reviews of services and revenue production are conducted, as needed, to address program concerns identified by MHD to assure the level of service production meets the expected guidelines.

Short/Doyle contracts with community based organizations (CBOs) are typically Type II contracts, as defined by the Resolution of Contracting Principles adopted by the Board of Supervisors on October 28, 1997.

REASONS FOR RECOMMENDATION

The County provides Short/Doyle Medi-Cal outpatient mental health services to 11,000 adult/older adults and 4,500 youth and families through county-operated and contracted providers. Short/Doyle contractors provide a broad range of services to all age populations and to all geographic areas of the County.

The current delegation of authority to execute and amend these agreements expires on June 30, 2009. Approval of the recommended actions will enable MHD to execute the necessary contract documents in a timely manner, respond quickly to unanticipated changes, minimize any possible service interruptions, and maximize Medi-Cal/FFP revenues.

Approval of delegation of authority to execute amendments to prior year contracts following reconciliation with the Short/Doyle Medi-Cal contract agencies will enable the County to fully reimburse for previously provided services in a more timely manner. The State's timeline to complete its review of cost reports has been unpredictable, therefore MHD is requesting the delegation of authority through June 30, 2015.

As requested by the Health and Hospital Committee, MHD will provide a report on the performance of Short/Doyle contractors to the committee this fall.

BACKGROUND

Contract agencies provide approximately 70% of all outpatient mental health services in Santa Clara County. Contract services are contained in two types of contracts--Short/Doyle and Mental Health Services Act (MHSA). The services are provided to Seriously Mentally Ill (SMI) youth, adults, and older adults from all ethnic and cultural populations represented in our County.

CONSEQUENCES OF NEGATIVE ACTION

Failure to approve the recommended actions will impact timely processing of contracts and contract amendments and may impact the delivery of outpatient mental health services.