

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



HHS11 060909


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DATE: June 9, 2009

TO: Board of Supervisors

FROM: 
Kim Roberts
SCVHHS - Chief Executive Officer

SUBJECT: Delegation of Authority to Execute Agreements with Hospitals for Inpatient Psychiatric Hospitalizations

RECOMMENDED ACTION

Consider recommendations relating to agreements with hospitals for inpatient psychiatric hospitalizations.

Possible action:

- a. Approve delegation of authority to SCVHHS Chief Executive Officer, or designee, to negotiate, execute, and amend agreements with hospitals relating to inpatient psychiatric hospitalizations in an amount not to exceed \$11,725,500 for period July 1, 2009 through June 30, 2010, and within the Mental Health Department's approved budget in future

years, 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, 2014.

- b. Approve delegation of authority to SCVHHS Chief Executive Officer, or designee, to amend said agreements: (1) to include revising the nature of services, rates for the services, or any other provision upon execution of a written amendment; (2) to allow shifting of funds among contractors provided that the funds do not exceed the Mental Health Department's approved budget; and/or (3) to extend the agreement for four additional 12-month terms, and to add additional funding for the extended term(s) provided that the funds do not incur unbudgeted additional costs to the County, 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, 2014.

FISCAL IMPLICATIONS

There will be no impact on the General Fund as a result of these actions. Funds to provide services to Medi-Cal beneficiaries under these agreements have been predetermined by the State Department of Mental Health as part of the fixed allocation for the Mental Health Managed Care Plan. Funding to provide services to unsponsored patients is either already in the Mental Health Department's budget or would be brought to the Board separately for consideration.

Admissions to psychiatric hospitals are predominantly for emergency care that can not be provided to patients at a lower level of care. The individual hospital agreements do not contain a maximum financial obligation because of the inability to predetermine the number of annual patient days. The Mental Health Department closely monitors inpatient psychiatric services provided through these agreements for fiscal and patient care issues.

CONTRACT HISTORY

Since 1994, the Mental Health Department (MHD) has entered into agreements with interested psychiatric hospitals to provide inpatient psychiatric hospitalization services to Santa Clara County beneficiaries. MHD currently has agreements with eight hospitals: El Camino, Fremont, Good Samaritan, John Muir, St. Helena Behavioral Health, St. Helena Hospital, Telecare dba Heritage, and Telecare Solano PHF.

In California, the Medi-Cal regulations are designed to permit counties to authorize payments for inpatient days in state-certified hospitals utilizing the State's payment system. However, the State does not allow unsponsored patients or non-Medi Cal eligible services to be covered by their payment system. Therefore, MHD enters into direct agreements with state-certified hospitals to pay for inpatient psychiatric care. Whenever possible, it is preferable to have a formal agreement for such admissions; however, MHD does occasionally use the Direct Pay process for certain emergency inpatient stays, depending on the situation and the services provided. Admissions of seriously mentally ill patients and their subsequent stays in inpatient psychiatric hospitals are always considered emergencies. Because it is not possible to predetermine the total number patient days each contractor will provide, these individual agreements do not contain a maximum financial obligation.

These contracts are Type I agreements under the County's Contracting Principles policy. The required documentation is on file in the department.

REASONS FOR RECOMMENDATION

On May 4, 2004, the Board of Supervisors approved delegation of authority to negotiate, execute and amend agreements with private inpatient psychiatric hospitals. This authorization has provided the MHD with the ability to expedite execution of agreements that have resulted in minimizing the delay of payments to hospitals. Payment delays may result in hospitals refusing to serve patients any longer than is absolutely necessary according to law. The current process using the delegation of authority has improved relationships between the MHD and contracted hospitals, and has resulted in more access to private hospital beds for Santa Clara County beneficiaries.

The MHD is now requesting the Board of Supervisors renew the delegation of authority to execute agreements with the hospitals for inpatient psychiatric hospitalizations. MHD uses a standard boilerplate contract developed with County Counsel's review. In some cases, the individual hospitals have requested modifications to the standard boilerplate. MHD works closely with County Counsel regarding any and all changes to the standard boilerplate.

BACKGROUND

In 1995, the State Department of Mental Health (DMH) began implementation of its Mental Health Medi-Cal Consolidation program. The goals of this program were to reduce treatment costs and to bring all mental health services under one responsible agent. Phase I (began in January 1995) concentrated on inpatient care; and Phase II (began in June 1998) concentrated on outpatient care and professional services. Issues included under Phase I (inpatient hospitals) were: review of charts to determine medical necessity, monitoring of financial payments, and incurred liability for this program. As a result of inpatient consolidation under the Mental Health Department, the length of stay for clients served in non-County psychiatric hospitals has decreased.

MHD monitors the contracted inpatient hospitals based on Title 9 measures. This includes compliance with clinical record documentation and current standards of care. Through a retroactive review process, payment of hospital days is only authorized after thorough chart review to assure that claimed days meet medical necessity requirements for reimbursement. Consumer complaints are monitored on a quarterly basis in collaboration with our Patient Rights Mental Health Advocacy Project.

The patients served under these agreements are typically admitted on an emergency basis, with a retroactive review performed by MHD to verify medical necessity before authorizing payment. The majority of patients who are admitted to inpatient hospital facilities are most often are admitted to the County's Emergency Psychiatric Services (EPS), who then facilitate hospital admissions to the County operated facilities or to the private hospitals. In some cases and for various reasons, patients sometimes bypass EPS, and are taken directly to the nearest inpatient psychiatric facility for emergency treatment. In either instance, the contracts with psychiatric hospitals is vital to care and treatment of seriously mentally ill County residents.

CONSEQUENCES OF NEGATIVE ACTION

Failure to approve the recommended action may impact MHD's ability to continue agreements with inpatient psychiatric hospitals in a timely manner, impact the MHD's ability to place patients who require inpatient psychiatric care, or cause delays in payment for these services.