

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Behavioral Health	(2) MEETING DATE 7/16/2013	(3) CONTACT/PHONE Cindy Collins, ASM, 788-2932 Amy Olson, ASO II, 781-4729	
(4) SUBJECT Request to approve four (4) renewal contracts (Clerk's File) with four Institute for Mental Disease (IMD) facilities for Fiscal Year (FY) 2013-14 in the collective amount not to exceed \$729,051 to provide residential and intensive mental health services in locked facilities to adults who cannot care for themselves due to their mental illness.			
(5) RECOMMENDED ACTION It is recommended that the Board approve and direct Chairperson to sign four (4) renewal contracts with Beverly Health and Rehabilitation Services, Inc., dba Golden Living Center-San Jose, Crestwood Behavioral Health, Inc., Sunbridge Healthcare Corporation (dba Sierra Vista Rehabilitation Center), and 7 th Ave. Center, LLC for FY 2013-14 in the collective amount not to exceed \$729,051 to provide residential and intensive mental health services in locked and semi-locked facilities to adults who cannot care for themselves due to their mental illness.			
(6) FUNDING SOURCE(S) Realignment, Managed Care, General Fund	(7) CURRENT YEAR FINANCIAL IMPACT \$729,051.00	(8) ANNUAL FINANCIAL IMPACT \$729,051.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ___) <input type="checkbox"/> Board Business (Time Est. ___)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) 19001300		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP No	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>7-24-12</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Reviewed by Leslie Brown			
(18) SUPERVISOR DISTRICT(S) All Districts -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Jeff Hamm, Health Agency Director
Karen Baylor, Ph.D., MFT, Behavioral Health Administrator

DATE: 7/16/2013

SUBJECT: Request to approve four (4) renewal contracts (Clerk's File) with four Institute for Mental Disease (IMD) facilities for Fiscal Year (FY) 2013-14 in the collective amount not to exceed \$729,051 to provide residential and intensive mental health services in locked facilities to adults who cannot care for themselves due to their mental illness.

RECOMMENDATION

It is recommended that the Board approve and direct Chairperson to sign four (4) renewal contracts with Beverly Health and Rehabilitation Services, Inc., dba Golden Living Center-San Jose, Crestwood Behavioral Health, Inc., Sunbridge Healthcare Corporation (dba Sierra Vista Rehabilitation Center), and 7th Ave. Center, LLC for FY 2013-14 in the collective amount not to exceed \$729,051 to provide residential and intensive mental health services in locked and semi-locked facilities to adults who cannot care for themselves due to their mental illness.

DISCUSSION

The Health Agency's Behavioral Health Department contracts with various residential placement providers within a wide range of adult residential services, providing the appropriate level of care to seriously mentally ill individuals in need of residential placement. With the exception of State hospitals and other acute care hospitals, Mental Health Rehabilitation/Institutions for Mental Disease (IMDs) offer the most intensive level of care in the residential care continuum. IMDs are locked residential facilities that are primarily engaged in providing intensive care of persons with severe mental illness, which includes medical attention, nursing care, assessment, clinical treatment and other related services. Intensive services including psychiatrist coverage are offered 24 hours per day / 7 days per week.

Most clients placed in these facilities have not succeeded in outpatient settings and less restrictive residential placements. Often, IMD clients have been placed under conservatorship by the courts. Although the desired outcome is to move clients to the least restrictive level in which they can be successful, a certain percentage of the population with severe mental illness will, at any given time, need the level of treatment offered in an IMD setting. IMDs can include psychiatric hospitals, psychiatric health facilities (PHF) with over 16 beds, skilled nursing facilities with a certified special treatment program for the mentally ill (SNF-STP), and mental health rehabilitation centers (MHRC). Due to the severity of their symptoms, clients placed in IMDs are unable to live successfully in a less restrictive setting.

The Behavioral Health Department wishes to renew four contracts: Beverly Health and Rehabilitation Services, Inc, dba Golden Living Center-San Jose, Crestwood Behavioral Health, Inc., Sunbridge Healthcare Corporation, dba Sierra Vista Rehabilitation Center, and 7th Ave. Center LLC. The contract providers are licensed by the State Department of Health Services as skilled nursing facilities and Institution for Mental Disease with special treatment programs (SNF-STP) certified by the Department Health Care Services. Due to the lack of available IMD facilities in San Luis Obispo County, Behavioral Health utilizes the aforementioned contractors depending on bed availability.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel has reviewed and approved the contracts as to form and legal effect.

FINANCIAL CONSIDERATIONS

The FY 2013-14 Behavioral Health Department Adopted budget includes \$729,051 for Mental Health Rehabilitative / IMD services, which assumes an average of 10 clients for a total of 3,766 days at an average rate of \$193.58 per day. This represents a 14.5% increase, or \$92,491, in the amount of IMD services budgeted in FY 2013-14 (\$729,051) compared to \$636,560 budgeted for FY 2012-13, which assumed 8 clients for a total of 2,933 days at an average rate of \$217 per day. FY 2012-13 began with only 6 clients in IMD facilities, however, this figure increased during the fall to a high of 9 clients in November and dropped to 7 clients during April and May. When the FY 2012-13 budget was developed in December of 2012, there were 9 clients placed in IMD facilities. It is anticipated the FY 2013-14 budget for IMD facilities will be sufficient given current client status and anticipated fluctuations in client census.

The contracted rates for FY 2013-14 vary from \$165 to \$228 per day. Prior to FY 2013-14, daily rates were as high as \$300. The average daily rate for FY 2013-14 is \$193.58 but the average daily rate for FY 2012-13 was \$217. While the average daily rate for FY 2013-14 is lower than the average daily rate for FY 2012-13, one IMD facility did impose a rate increase for FY 2013-14. Crestwood had a daily rate of \$218 during FY 2012-13 which will increase \$10 per day (a 4.7% increase) in FY 2013-14 to \$228 per day. Counties are required to pay IMD facilities an annual 4.7% cost-of-living adjustment, upon request, to cover the increased costs associated with service delivery as per Section 5912 of the Welfare & Institutions Code. Crestwood and Sylmar are the only facilities requiring the County to pay an increased rate effective July 1, 2013. Below are contracted rates dating back to FY 2009-10.

Facility	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY2013-14
	Rate	Rate	Rate	Rate	Rate
7th Ave	\$0.00	\$0.00	\$0.00	\$198.95	\$198.95
Sylmar	\$235.69	\$235.69	\$235.69	\$235.69	N/A
Golden Living	\$181.95	\$181.95	\$181.95	\$181.95	\$181.95
Crestwood	\$205.00	\$205.00	\$205.00	\$218.00	\$228.00
CPT	\$0.00	\$300.00	\$300.00	\$300.00	N/A
Sierra Vista	\$165.42	\$165.42	\$165.42	\$165.42	\$165.42
Average Rate	\$197.02	\$217.00	\$217.00	\$217.00	\$193.58

The actual annual costs for IMD services vary depending on bed availability in each facility, the level of care and program needs for the clients, and the number clients needing residential placement. Each contract stipulates a maximum amount of \$729,051, but it is clear in each of the IMD contracts that the County only pays for actual bed days used. Setting each contract at the maximum amount allows the flexibility to move clients within each facility and add clients without amending their contract based on initial estimates. However, the total amount spent for all five contracts is expected to be within the \$729,051 budget.

The County is not able to claim federal reimbursement for services provided to individuals residing in IMDs. IMD reimbursable rates are set by the State, which provides funding for these services through State Realignment and State Managed Care monies. Actual IMD days and costs for FY 2010-11, FY 2011-12, and FY 2012-13 for each facility are presented in the table below.

Facility	FY 2010-11 Actual		FY 2011-12 Actual		FY 2012-13 Estimate		FY2013-14 Budget	
	Avg. Clients	Cost	Avg. Clients	Cost	Avg. Clients	Cost	Avg. Clients	Cost
7th Ave	0	0	0	0	4	\$182,504	5	\$364,331
Sylmar	1	\$70,943	1	\$35,172	0	\$0	0	\$0
Golden Living	5	\$346,002	3	\$236,507	4	\$217,044	4	\$281,500
Crestwood	6	\$502,839	4	\$273,265	1	\$79,570	1	\$83,220
CPT	1	\$42,600	1	\$41,700	0	\$0	0	\$0
Sierra Vista	1	\$24,285	1	\$12,143	0	\$0	0	\$0
Total	14	986,669	10	598,787	9	479,118	10	729,051

Because IMD costs represent a substantial portion of the amount budgeted for all adult residential placements, Mental Health's Adult Placement Committee monitors all IMD placements closely to assure that they are appropriate and

medically necessary. The committee was formed to monitor placements, identify barriers, and seek system improvements. Members of the committee include the following stakeholders: an intensive case manager, who also serves as liaison to the IMDs, board and care facilities, and community housing; the owner of both American Care Homes (American Care Homes are licensed board and care facilities often used to transition clients from IMDs back into the community); representatives from the Public Guardian's Office, Behavioral Health's Fiscal division, and Transitions – Mental Health Association; Behavioral Health's Division Manager for Adult Services; and the social worker from the Psychiatric Health Facility. The Adult Placement Committee assists the Department in determining the best balance between cost efficiency and the appropriate placements for the effective treatment of its clients.

RESULTS

During FY 2012-13 there has been a slight increase in usage of IMD facilities compared to the previous year, however, usage is substantially lower than during FY 2010-11. While 8 clients were budgeted for 2012-13, at one point during the year as many as 9 clients were placed in IMD facilities at the same time. However, by May 2013 this number was reduced to 7 by moving clients to lower levels of care.

The Behavioral Health Department accepts responsibility for managing placements in the most cost effective manner, while providing the most appropriate treatment option for the individual client. In spite of efforts to find viable alternatives to IMD placements, there will continue to be a core group of individuals with severe mental illness who are in need of IMD services. Appropriate placements help Behavioral Health reach its mission to serve clients in the least restrictive setting possible and to advance the goal of assisting individuals with severe mental illness to be as functional and productive as possible in the least costly environments. Providing the most appropriate services to these clients increases their probability of positive treatment outcomes. Furthermore, positive treatment outcomes contribute to the wider County vision of a healthy and safe community.

ATTACHMENTS

1. Clerk's Filed Cover Sheet for IMD Contract Group FY 2013-14