

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

(1) DEPARTMENT Behavioral Health	(2) MEETING DATE 7/26/2016	(3) CONTACT/PHONE Amy Olson, ASO II, 781-4729	
(4) SUBJECT Request to approve a FY 2016-17 renewal contract, with the option to renew for two additional years, with Yuan Yuan He and Li Xia Zhang dba American Care Home and American Care Home II in the amount not to exceed \$2,832,425 to provide residential board and care, social support, and outpatient mental health services to adults with serious mental illness. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board approve a FY 2016-17 renewal contract, with the option to renew for two additional years, with Yuan Yuan He and Li Xia Zhang dba American Care Home and American Care Home II in the amount not to exceed \$2,832,425 to provide residential board and care, social support, and outpatient mental health services to adults with serious mental illness.			
(6) FUNDING SOURCE(S) Medi-Cal, Realignment, Managed Care/CenCal	(7) CURRENT YEAR FINANCIAL IMPACT \$2,832,425	(8) ANNUAL FINANCIAL IMPACT \$2,832,425	(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) 19001682		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A    Date: <u>07-08-2014</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Morgan Torell			
(18) SUPERVISOR DISTRICT(S) All Districts			

# County of San Luis Obispo



TO: Board of Supervisors

FROM: Jeff Hamm, Health Agency Director / Anne Robin, MFT, Behavioral Health Administrator

DATE: 7/26/2016

SUBJECT: Request to approve a FY 2016-17 renewal contract, with the option to renew for two additional years, with Yuan Yuan He and Li Xia Zhang dba American Care Home and American Care Home II in the amount not to exceed \$2,832,425 to provide residential board and care, social support, and outpatient mental health services to adults with serious mental illness. All Districts.

## **RECOMMENDATION**

It is recommended that the Board approve a FY 2016-17 renewal contract, with the option to renew for two additional years, with Yuan Yuan He and Li Xia Zhang dba American Care Home and American Care Home II in the amount not to exceed \$2,832,425 to provide residential board and care, social support, and outpatient mental health services to adults with serious 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. Board and care facilities offer varying levels of residential care in a non-locked facility, as opposed to State hospitals, acute care hospitals, and Institutions for Mental Disease (IMD) which are locked residential facilities providing the most intensive levels of care.

Most clients placed in board and care facilities may be stepping down from a higher level of care (IMD) to a lower level of care (board and care facility), or have not succeeded in independent community housing, and oftentimes have been placed in residential support and treatment settings under conservatorship by the courts. The board and care facilities provide an alternative for clients ready to transition to a slightly lower level of care than that provided in an IMD, but not yet ready for more independent living situations. Residential services are designed to enhance basic living skills, improve social functioning, and allow for training opportunities within the community. Mental health support groups are provided at some facilities to help clients gain insight into their illness, assist them in symptom management, and encourage peer support activities. As clients demonstrate stability in the board and care setting, the Department residential case manager evaluates transferring clients to more independent living arrangements within San Luis Obispo County, or stepping down services as appropriate. Board and care facilities provide the assistance and structure necessary for each client to be successful in a less restrictive setting and reintegrate back into the community. 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 and support offered in a board and care setting.

Your Board approved renewal of five contracts with other Board and Care facilities on July 12, 2016: C and D's Guest Homes, Davis Guest Home, Inc., Ever Well Health Systems, LLC, Front St., Inc., and Psynergy Programs, Inc., dba Nueva Vista and dba Cielo Vista. Each of these contract providers are licensed by the California Department of Social Services, under the Community Care Licensing Division, as adult residential facilities. Behavioral Health wishes to renew its contract with one additional facility, Yuan Yuan He and Li Xia Zhang dba American Care Home and American Care Home II. Behavioral Health has contracted with American Care Home for many years but due to lengthy contract negotiations this year, the contract lagged behind the other Board and Care contracts.

As per contract Exhibit C.4., Option to Renew, this contract may be extended for two (2) one-year periods with Health Agency Director approval to exercise and renew for two (2) one-year periods. The Health Agency Director may also

approve any changes pertaining to service(s), service level changes or rate changes as per contract Exhibit D.30, Delegation of Authority.

**OTHER AGENCY INVOLVEMENT/IMPACT**

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

**FINANCIAL CONSIDERATIONS**

The FY 2016-17 Behavioral Health Department Adopted Budget includes \$2,832,425 for board and care services, which assumes an average of 88 clients for a total of 32,120 days. With the American Care Home contract included into the board and care group, the contracted rates for FY 2016-17 vary from \$40 to \$325 per day with the average daily rate for FY 2016-17 now at \$114.37. No General Support is used for the payment of Board and Care bed days. Your Board was presented with more detailed financial information regarding the entire board and care budget during the July 12<sup>th</sup> meeting, Item 7: Five Board and Care Renewal Contracts. Below are contracted rates dating back to FY 2013-14.

Facility	FY2013-2014	FY 2014-2015	FY 2015-16	FY 2016-17	FY 16-17 Rate increase over FY 15-16	
	Rate	Rate	Rate	Rate	Increase \$	Increase %
American Care Home I	\$26.65	\$27.00	\$28.00	\$40.00	\$12.00	42.9%
American Care Home II	\$71.00	\$71.00	\$73.00	\$75.00	\$2.00	2.7%
C&D's	\$100.00	\$100.00	\$100.00	\$100.00	\$0.00	0.0%
C&D's Augmented	\$325.00	\$325.00	\$325.00	\$325.00	\$0.00	0.0%
Davis Guest Home	\$80.00	\$85.00	\$95.00	\$98.00	\$3.00	3.2%
Davis Guest Home Augmented	\$123.00	\$123.00	\$123.00	\$123.00	\$0.00	0.0%
Ever Well Level I	\$0.00	\$0.00	\$95.00	\$95.00	\$0.00	0.0%
Ever Well Level 2	\$0.00	\$0.00	\$120.00	\$120.00	\$0.00	0.0%
Front St. (Drake)	\$112.00	\$114.24	\$114.24	\$117.01	\$2.77	2.4%
Front St. (Opal)	\$106.00	\$108.12	\$108.12	\$110.82	\$2.70	2.5%
Psynergy Mild Complexity	\$60.00	\$64.00	\$64.00	\$64.00	\$0.00	0.0%
Psynergy Moderate Complexity	\$90.00	\$94.00	\$94.00	\$94.00	\$0.00	0.0%
Psynergy Severe Complexity	\$120.00	\$125.00	\$125.00	\$125.00	\$0.00	0.0%
<b>Average</b>	<b>\$110.33</b>	<b>\$112.40</b>	<b>\$112.64</b>	<b>\$114.37</b>	<b>\$1.73</b>	<b>4.1%</b>

The actual annual costs for board and care 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 \$2,832,425, but it is clear in each of the board and care 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 contracts based on board & care initial estimates. However, the total amount spent for all six contracts is expected to be within the \$2,832,425 budget. The American Care Home budget is estimated to be \$674,972 of the \$2,832,425 total board and care budget to provide services for an average of 41 clients placed at American Care Home.

The contract for American Care Home was delayed due to extensive negotiations regarding rates and scope of work. The contract for American Care Home historically included three components: American Care Home I, American Care Home II, and the Clubhouse operated by American Care Home to provide activities for the clients residing at either American Care Home facility. It was decided that the Clubhouse at American Care Home would be eliminated and those services instead be provided at each individual home, in a more intensive and consistent manner. The funds initially budgeted to pay for the Clubhouse expenses have been absorbed into the increased daily rates for each American Care Home facility.

Actual board and care days and costs dating back to FY 2013-14 for each facility are presented in the table below.

Facility	FY 2013-14 Actual		FY 2014-15 Actual		FY 2015-16 Actual		FY2016-17 Budget	
	Avg. Clients	Cost	Avg. Clients	Cost	Avg. Clients	Cost	Avg. Clients	Estimated Cost
American Care Home	41	\$618,072	41	\$586,694	43	\$630,365	41	\$624,172
C&D's Guest Home	3	\$90,985	2	\$86,573	4	\$155,463	4	\$177,796
Davis Guest Home	11	\$324,993	7	\$357,408	14	\$502,841	15	\$527,940
Ever Well	0	\$0	0	\$0	3	\$148,444		\$193,125
Front St.	1	\$39,088	1	\$41,698	0	\$0	0	\$0
Psynergy	27	\$1,249,212	31	\$1,347,397	23	\$1,364,853	27	\$1,309,392
<b>Total</b>	<b>83</b>	<b>\$2,322,350</b>	<b>82</b>	<b>\$2,419,770</b>	<b>87</b>	<b>\$2,517,668</b>	<b>87</b>	<b>\$2,832,425</b>

Because board and care costs represent a substantial portion of the amount budgeted for all adult residential placements, a representative from the Public Guardian's office, Behavioral Health Fiscal department, and Behavioral Health case manager meet weekly and monitor all board and care placements closely to assure that they are appropriate and medically necessary. The representatives meet in order to monitor placements, identify barriers, and seek system improvements. The representatives assist the Behavioral Health Department in determining the best balance between cost efficiency and the appropriate placements for the effective treatment of its clients.

**RESULTS**

During FY 2015-16 there was consistent use of board and care facilities, with several clients being transferred between board and care facilities. While 87 clients were budgeted for FY 2015-16, the year started off with 82 clients placed in board and care facilities, and at one point during the year as many as 87 clients were placed in board and care facilities at the same time. A total of 87 clients remained as of the end of May. A measureable outcome consistent with most board and care facilities is the number of clients re-admitted to higher levels of care from board and care facilities and the number of clients moved to lower levels of care. Through June 2016, only 7 of the clients (8%) placed throughout the year were moved to the psychiatric health facility temporarily and then transferred to either a nursing home or locked facility. Ten clients (11.5%) have been moved to lower levels of care, such as independent living, as of June 30, 2016.

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. Despite 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. American Care Home contract renewal FY 2016-17