



Agenda Date: 2/27/2007
Agenda Placement: 6C

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Shelli Brobst for Randolph F. Snowden - Director
Health & Human Services
REPORT BY: Shelli Brobst, Contracts Analyst, 253-4720
SUBJECT: Amendment No. 3 to Agreement No. 4657 with Nadhan, Inc.

RECOMMENDATION

Director of Health and Human Services requests approval of and authorization for the Chair to sign Amendment No. 3 to Agreement No. 4657 with Nadhan, Inc., increasing the amount by \$5,840 for a new maximum of \$91,250, and revising the compensation due to an increase in the daily bed rate for inpatient mental health treatment services.

EXECUTIVE SUMMARY

Nadhan provides psychosocial rehabilitation services in a secured facility to mentally ill adults between the ages of 18 and 64. Approval of the requested amendment will allow the contractor to receive an increase in compensation due to an increase in the daily bed rate from \$117 per bed day to \$125 per bed day.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Mental Health
Is it Mandatory or Discretionary?	Mandatory
Is the general fund affected?	Yes
Future fiscal impact:	Although the agreement terminates June 30, 2007, the agreement contains an automatic renewal, which allows the County the option to continue these services into the next fiscal year. Appropriations will be budgeted accordingly.
Consequences if not approved:	If the requested amendment is not approved, the contractor could not

be reimbursed for the increase in the daily bed rate in Fiscal Year 2006-2007. The contractor has stated it will not continue to serve clients at the current rate; therefore, alternate placements would be necessary to comply with mandated obligations. It is unlikely that the cost of alternate placements would be less than this new rate.

Additional Information: The contractor cites that increases in operational costs, such as liability insurance, labor, utilities, and newly imposed quality assurance fees (pursuant to AB 1629), as being directly attributable to the rate increase.

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Nadhan provides an individualized service mix to improve the adaptive functioning of chronically mentally disordered clients, in order to enable the clients to move into a less restrictive environment and prevent them from regressing to a lower level of functioning. These clients are unable to be behaviorally managed in an unlocked setting and require a structured, controlled environment. The County is required by the Welfare and Institutions Code to provide this level of service to conserved clients. In addition, the County's performance contract with the State Department of Mental Health requires that HHSA provide services at this level of care, as necessary, to Medi-Cal beneficiaries.

Under the current contract, Nadhan holds two beds for the County on a dedicated basis for the entire fiscal year. The requested amendment increases the maximum amount to allow the contractor to be reimbursed for a 6.8% increase in the daily bed rate, from \$117 per day to \$125 per day for Fiscal Year 2006-2007. The Agency has an executed Business Associate agreement on file with this provider.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Lorenzo Zialcita