



Agenda Date: 3/27/2007  
Agenda Placement: 6C

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** Shelli Brobst for Randolph F. Snowden - Director  
Health & Human Services  
**REPORT BY:** Shelli Brobst, Contracts Analyst, 253-4720  
**SUBJECT:** Revenue Agreements with the California Department of Mental Health (Performance, Managed Care, Napa State Hospital, CONREP and Mental Health Services Act)

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### **RECOMMENDATION**

Director of Health and Human Services requests approval of and authorization for the Chair to sign the following agreements with the California Department of Mental Health:

1. Renewal agreements:
  - i. Agreement No. 3315 for the term July 1, 2006 through June 30, 2007, setting forth the performance requirements the County must meet in providing mental health services to the community;
  - ii. Revenue Agreement No. 4028 for a maximum of \$726,187 for the term July 1, 2006 through June 30, 2009 for the Napa County Mental Health Managed Care Program; and
  - iii. Revenue Agreement No. 6001 for a maximum of \$818,662 for the term July 1, 2006 through June 30, 2007, to fund the County's Napa State Hospital bed purchase and usage;
2. Amendment No. 1 to Agreement No. 2390 incorporating Exhibit E, HIPAA Provisions, for the Conditional Release Program; and
3. Revenue Agreement for a maximum of \$2,658,443 for the term June 1, 2006 through June 30, 2008 to provide funding for the County's Mental Health Services Act (Proposition 63) Community Services and Supports Plan projects.

### **EXECUTIVE SUMMARY**

Approval of the requested actions will enable the Health & Human Services Agency to implement the following programs:

1. Agreement No. 3315 for the establishment of community mental health services to cover the entire County and to provide an integrated and coordinated range of services appropriate to the needs of each client;
2. Agreement No. 4028 regarding the managed care allocation for Napa County to provide inpatient and outpatient mental health services to eligible Medi-Cal beneficiaries in Napa County;
3. Agreement No. 6001 relating to the provision of mental health professional and inpatient hospital services

at Napa State Hospital;

4. Agreement No. 2390: Amendment No. 1 will incorporate HIPAA requirements within the agreement for the State-funded Conditional Release Program, which provides intensive community-based treatment to enrolled clients released from a State Hospital; and
5. Agreement for Mental Health Services Act funding will enable an array of new community mental health programs designed to expand access to mental health services for the unserved and underserved populations in the County.

### **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: The Mental Health Performance Agreement (No. 3315) is renewed annually.

The Managed Care Agreement (No. 4028) is a multi-year contract and expires June 30, 2009.

The Napa State Hospital Agreement (No. 6001) is reviewed for renewal annually. The Agency reviews bed usage and overage charges (in the event more beds are used than were contracted for) on an ongoing basis. Each annual agreement is structured accordingly.

The Conditional Release Program Agreement (No. 2390) is reviewed and negotiated each fiscal year based on the anticipated cost and caseload of the program. The current contract term is July 1, 2006 through June 30, 2007.

The Mental Health Services Act (MHSA) agreement provides funding to implement and operate the County's approved Community Services and Supports Plan from June 1, 2006 through June 30, 2008. MHSA provides ongoing funding to the County in support of expanded community mental health services. Agreements for future fiscal years will be reviewed and structured accordingly.

Consequences if not approved: Through these agreements (and in conjunction with State-administered federal grant programs), the State allocates funds and specifies requirements for the provision of mandated and discretionary mental health services in the County.

If Agreement No. 3315 is not approved, the County will not receive the funding necessary to maintain minimum required levels of mental health services in the community, since a duly executed performance contract is a requirement for local Mental Health Plans and a prerequisite to receiving state funding for

mental health services.

If Agreement No. 4028 is not approved, the County will not receive the funding necessary to maintain minimum required levels of mental health services to Medi-Cal beneficiaries.

If Agreement No. 6001 is not approved, the County will not have a guarantee of bed availability at Napa State Hospital, and the County would likely have to place patients at other inpatient mental health facilities at a much higher cost.

If Amendment No. 1 to the Conditional Release Program Agreement (No. 2390) is not approved, the necessary HIPAA provisions will not be incorporated within the agreement.

If the Mental Health Services Act (MHSA) new agreement is not approved, the County will not have sufficient funding to provide the expanded community mental health services specified in Napa County's MHSA Plan, which was developed with community stakeholder input and presented to the Board on January 31, 2006. Furthermore, all MHSA funding received to date for the Board-approved Community Services and Supports would need to be returned to the State.

Additional Information:

## **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**

### **Agreement No. 3315:**

The California Department of Mental Health (DMH) requires counties to enter into different types of formal agreements to provide a full range of community mental health services to residents of each county. This DMH "Performance Agreement" sets forth the requirements counties must meet in order to comply with Welfare and Institutions Sections 5602 (pertaining to counties' responsibility to provide community mental health services) and 5650 (mandating counties' agreement to enter into this contract). This agreement defines necessary general assurances and program principles, maintenance of effort parameters, and specific programmatic requirements the County must comply with in order to qualify for state and/or federal funding. The Napa County Mental Health Board is required to review Agreement No. 3315. A copy of the agreement was distributed and discussed at the Mental Health Board's November 2006 meeting.

### **Agreement No. 4028:**

Under the Medi-Cal managed care system, Napa County is the Medi-Cal "Mental Health Plan" for the County. The County contracts with the State Department of Mental Health to provide medically necessary, specialty mental health services to Medi-Cal beneficiaries of Napa County. Correspondingly, Medi-Cal beneficiaries must receive Medi-Cal reimbursed specialty mental health services through the County. (Specialty mental health needs are

those requiring the services of a mental health specialist, as opposed to general mental health care needs, which can be met by a general health care practitioner.)

The State annually sets the managed care allocation by use of a certain formula. For Fiscal Year 2006-2007, the allocation resulted in a slight decrease in funding for Napa County.

**Agreement No. 6001:**

This agreement with the State relates to inpatient hospital services at Napa State Hospital for persons with acute mental illness. This agreement is funded by State mental health Realignment funding. HHSA carefully estimates the number of beds it will need each year at Napa State Hospital since HHSA must pay for all contracted beds, whether the bed is used or not. Therefore, it is more cost-effective to underestimate the number of beds needed and pay any usage above that number on a semi-annual basis than to guarantee payment for a larger number of beds that may not be used. Every six months, if the County has exceeded the number of contracted bed days, HHSA receives a letter stating the additional amount owed. For both the contracted bed days and any overage, the State reduces the County's Realignment funding by the total amount of Napa State Hospital charges.

Napa County usage for Fiscal Year 2003-2004 was 2,212 bed days; for Fiscal Year 2004-2005, 2,692 bed days; for Fiscal Year 2005-2006, 3,128 bed days; and Fiscal Year 2006-2007 usage is estimated at 2,600 bed days. Approval of this renewal agreement will fund one Continuing Medical Care or Skilled Nursing Facility (SNF) bed (\$405.11/day) and five ICF-Psychiatric Subacute beds (\$367.56/day) at a total County cost of \$818,662 for Fiscal Year 2006-2007.

**Amendment 1 to Agreement No. 2390:**

Under the State-funded Conditional Release Program (CONREP), certain individuals on Penal Code commitments to State hospitals, certified in advance by State hospital staff, are granted conditional release into the community. The goal of the Program is to reintegrate these individuals back into the community, while ensuring public protection, by providing the appropriate level of mental health services and monitoring. A County forensic mental health counselor provides an array of mental health services and closely monitors persons placed on outpatient status through the CONREP program. Approval of the requested amendment will incorporate Health Insurance Portability and Accountability Act (HIPAA) requirements within the agreement.

**New Agreement for Mental Health Services Act (MHSA):**

Napa County's MHSA Community Services and Supports Plan, approved by the State June 28, 2006, provides treatment and intensive intervention services primarily for the underserved Latino population in Napa County. These services are provided through Full Service Partnerships for Children, Transition-aged Youth, and Older Adults. The Plan intends to increase access to mental health services through an array of programs including Mobile Outreach, Response and Engagement and Project Access services. Future phases of MHSA to be implemented during this contract period include Prevention and Early Intervention, Education and Training, and Capital Facilities and Technology. They will address a broad continuum of prevention, early intervention and service needs and the necessary infrastructure, technology, and training elements to effectively support the system.

The five revenue agreements referred to in the requested actions are the primary programmatic and funding mechanisms for County mental health services. These agreements are presented to the Board late in the fiscal year because of extensive discussions with the State regarding requirements relating to compliance with HIPAA. Following recent discussions among representatives from Department of Mental Health (DMH), Sutter County, and the Napa County Counsel's office, DMH agreed to amend its boilerplate contract language to address collective concerns. The revisions are, however, not expected to be finalized for another year. HHSA is thus incorporating Contractor's Exhibit 1, prepared by County Counsel, within Contracts Nos. 3315, 4028, 6001 and 2390 for the purpose of putting DMH on notice that the County does not intend to be bound by four elements of the agreement as currently written. These four elements deal with issues such as the relationship between the County

and DMH, and provisions relating to security. Exhibit 1 sets forth the County's position as an interim measure to allow the contract to be finalized immediately. While the exhibit reflects the language agreed upon by the parties, including DMH, it should be noted that in the unlikely event of a legal challenge, the exceptions may not be binding. Yet, the small risk of a dispute, and even smaller risk of a successful contest, is heavily outweighed by the fact that failure to execute the contract at this time could result in interruption of services or funding.

**SUPPORTING DOCUMENTS**

None

CEO Recommendation: Approve

Reviewed By: Lorenzo Zialcita