



Agenda Date: 5/1/2007  
Agenda Placement: 6D

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** Alice Hughey for Randolph F. Snowden - Director  
Health & Human Services  
**REPORT BY:** Shelli Brobst, Contracts Analyst, 253-4720  
**SUBJECT:** Amendment No. 3 to Agreement No. 6375 with Victor Treatment Centers, Inc.

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### **RECOMMENDATION**

Director of Health and Human Services requests approval of and authorization for the Chair to sign Amendment No. 3 to Agreement No. 6375 with Victor Treatment Centers, Inc., increasing the amount by \$87,950 for a new maximum of \$150,000 for Fiscal Year 2006-2007, with a provision for an automatic annual renewal, and revising the daily bed rate for Fiscal Year 2007-2008 for the provision of residential mental health services.

### **EXECUTIVE SUMMARY**

Victor Treatment Centers provides residential care and day treatment services to severely emotionally disturbed (SED) adolescents and their families in accordance with AB 3632 mandates. Approval of the requested amendment will increase the maximum amount for Fiscal Year 2006-2007 to reflect an increased number of client placements and revise the contractor's daily bed rate for Fiscal Year 2007-2008. The increase in the daily bed rate for Fiscal Year 2007-2008 will be absorbed within the new contract maximum.

### **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 annual renewal provision, which allows the County the option to continue these services in the following fiscal year. The Agency's Fiscal Year

2007-2008 budget request includes an appropriation for \$150,000 for this agreement.

Consequences if not approved: If this amendment is not approved, the contractor will not be compensated appropriately for the existing number of placements through the end of the current fiscal year. The County will thus be at risk of non-compliance with federal and state mandates to provide necessary mental health services to students pursuant to their Individualized Education Plans. Alternatively, the contractor may refuse to serve the County's clients, or the County may be sued by the contractor. Clients currently being served would need to be placed at an alternate facility, which could be detrimental to their treatment outcomes. In addition, if this amendment is not approved, the contract maximum will not be large enough to accommodate the State's increase in the daily bed rate for Fiscal Year 2007-2008.

Additional Information: The Mental Health Division utilizes a number of residential treatment contractors to provide mandated AB 3632 services and budgets a total amount for these services. The actual amount spent on each residential treatment contract varies depending on the number and duration of placements at each facility. Placements are made according to the "best fit" for the client and bed availability. These residential treatment contracts are funded by state and federal AB 3632 funding and County general funds included in the Mental Health budget.

## **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**

Many of the children who are referred to Victor Treatment Centers (VTC) facilities have had numerous treatment and placement failures. If this contractor's services were not available, these children would instead be sent to a State hospital or to a locked psychiatric institution for treatment. VTC works with the child to teach the skills necessary for living in a cooperative, family environment by providing a structured, supportive and therapeutic 24-hour environment that allows the child to benefit from his/her education despite the barriers that mental health problems create. VTC provides services as defined in W&I Code Section 5600.3, including day treatment intensive services, individual therapy, family therapy, group therapy, recreational therapy/activities, a supportive educational environment, monthly psychiatric assessment, and medication management services.

In the case of residential mental health contractors, cost increases may result from an increase in client placements, an increase in the daily bed rate, or a combination of these factors. The number of clients requiring these mandatory services and the length of each client's stay is difficult to predict and fluctuates from year to year. Additionally, daily bed rates are set by the State.

Complicating the equation, under the County's current protocols for contract management, HHSA is only able to pay a contractor up to the amount of the spending authority specified in an approved contract. Thus, to avoid having expenditure authority "stranded" in contracts that may not be fully utilized during the year, HHSA's practice is to gradually amend contracts during the course of the year, as they are utilized. Approval of the requested amendment

will increase the maximum compensation payable to this particular contractor. This is in line with HHSA's practice of monitoring utilization of specialty services through the year and applying funding by means of periodic contract amendments.

For Fiscal Year 2006-2007, the increase in the number of client placements at VTC has resulted in a 84% increase in costs (an increase from one to two clients over the course of the year). For Fiscal Year 2007-2008, the increase in client placements and the increase in the daily bed rate are projected to increase costs by an additional 31%, resulting in a new contract maximum amount of \$150,000.

The Agency has an executed Business Associate agreement on file with this provider.

### **SUPPORTING DOCUMENTS**

None

CEO Recommendation: Approve

Reviewed By: Lorenzo Zialcita