

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
ACTION AGENDA SUMMARY

DEPT: Behavioral Health And Recovery Services

BOARD AGENDA # \*B-6

Urgent

Routine

*Dnt* *1-1*

AGENDA DATE July 30, 2013

CEO Concurs with Recommendation YES  NO

4/5 Vote Required YES  NO

(Information Attached)

SUBJECT:

Approval of Second Amendment to Agreement with Doctors Medical Center for Fee for Service Inpatient Psychiatric Services Effective July 1, 2012 through June 30, 2013 and Extended through September 30, 2013

STAFF RECOMMENDATIONS:

1. Approve the second amendment to the Fiscal Year 2012-2013 agreement with Doctors Medical Center for Fee for Service Inpatient Psychiatric Services, extending the agreement through September 30, 2013.
2. Authorize the Behavioral Health Director or her designee to sign the amendment to extend the agreement for Fee for Service Inpatient Psychiatric Services with Doctors Medical Center of Modesto through September 30, 2013.

FISCAL IMPACT:

The estimated total cost of this Provider Agreement for additional extension period of August 1, 2013 through September 30, 2013 is \$2,046,193, of which \$1,549,580 is the County's cost. Funding for this agreement comes from the following sources: Medi-Cal Federal Financial Participation, State Medi-Cal Mental Health Specialty Managed Care, Realignment, and Departmental Fund Balance. There is no County General Fund impact associated with this agenda item.

BOARD ACTION AS FOLLOWS:

No. 2013-385

On motion of Supervisor Monteith, Seconded by Supervisor Withrow  
and approved by the following vote,

Ayes: Supervisors: O'Brien, Withrow, Monteith, De Martini and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) \_\_\_\_\_ Denied

3) \_\_\_\_\_ Approved as amended

4) \_\_\_\_\_ Other:

MOTION:

*Christine Ferraro*

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

## **DISCUSSION:**

Effective October 31, 2007, Stanislaus County sold its 67-bed inpatient acute psychiatric facility, Stanislaus Behavioral Health Center, to Doctors Medical Center of Modesto (DMC), a Tenet Healthcare affiliate. The Center subsequently became known as Doctors Behavioral Health Center (DBHC). At that time, the County entered into a provider agreement with DMC for the purchase of acute inpatient psychiatric beds on a daily basis for County patients, defined as the following: Medi-Cal adult beneficiaries of Stanislaus County, adult indigent uninsured residents of Stanislaus County, and "restoration to competency" patients. The County has continued to contract with DMC for these services since that time.

As previously reported to the Board of Supervisors, Behavioral Health and Recovery Services (BHRS) has experienced a dramatic increase in psychiatric hospitalizations over the past two years. In previous years, the average daily census for hospitalization at local and out-of-county hospitals was approximately 19 individuals per day for both adults and adolescents. This number has been steadily increasing since December 2011 when arrangements were made to accommodate law enforcement concerns which resulted in most individuals being brought to the Doctors Medical Center (DMC) Emergency Room. At times throughout the operating year, the census has been over 40 inpatient hospitalizations per day. At the same time, the percentage of uninsured individuals has increased from approximately 51% to 54%. The County has 100% fiscal responsibility for these individuals, to the extent that funding is available. Department staff continues to meet regularly to identify trends that may be contributing to this phenomenon.

In early 2012, the Chief Executive Office, BHRS, DMC and other stakeholders met and began a new working relationship that focused on the capacity issues and growing need for secure 24/7 programs to meet the County's mandated obligations. This group identified both short and long-term issues related to the need for secure 24/7 mental health services and programs that surround such services. The result of this effort is a Strategic Plan that addresses in-patient needs and identifies systems issues surrounding 24/7 secure mental health services that could assist in avoiding hospitalization and reduce recidivism. The Strategic Plan, adopted by the Board of Supervisors in November 2012, recommended a continuum of care with three main goals: 1) develop recommendations for increased capacity to provide in-patient 24/7 care, including but not limited to, options that will provide less costly alternatives when appropriate; 2) assess opportunities for creating a community crisis stabilization service to avoid hospitalization when possible; and 3) develop aftercare strategies as an element of a behavioral health continuum of care around in-patient services.

The centerpiece of the continuum is the development of a 16-bed Psychiatric Health Facility (PHF) to provide a lower cost option for hospitalizations for certain county patients who do not require the DBHC level of care, to help mitigate the County's costs

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for services needed. The PHF will allow for patients to be placed in a lower level of care alternative and provide additional psychiatric capacity to the community. The County is in the process of remodeling an existing facility at the Stanislaus Recovery Center site to serve as the PHF. It is anticipated that the PHF will be operational by March 1, 2014. Once the PHF is open, it is anticipated that the overall cost of psychiatric hospitalizations will be reduced. However, in order to receive Medi-Cal funding, the PHF is limited to 16 beds. As such, there is still a need to purchase beds from DBHC to fully meet the increased need.

Staff from the County Chief Executive Office and Behavioral Health and Recovery Services began meeting with DMC representatives during the spring of 2013 to renegotiate a one-year renewal of the contract. Negotiations were not complete in time for the renewal to start on July 1, 2013. On June 18, 2013, the Board of Supervisors approved a one-month extension to allow the parties to finalize negotiations. Negotiations are not complete at this time. The Department requests the approval of an additional two-month extension of the Fiscal Year 2012-2013 agreement, through September 30, 2013, in order to complete negotiations for a Fiscal Year 2013-2014 agreement.

**POLICY ISSUES:**

Execution of this amendment with Doctors Medical Center supports the Board's priorities of A Safe Community, A Healthy Community, and Efficient Delivery of Public Services by enabling County patients to be treated at a local facility.

**STAFFING IMPACT:**

Staff from BHRS is available to support and monitor this agreement.

**CONTACT:**

Madelyn Schlaepfer, Behavioral Health Director. 209 525-6225

## SECOND AMENDMENT TO AGREEMENT FOR INPATIENT PSYCHIATRIC SERVICES

This Amendment to the Agreement For Inpatient Psychiatric Services is made and entered into by and between the County of Stanislaus ("COUNTY") and Doctors Medical Center of Modesto, Inc., a California corporation, hereinafter referred to as "DMC". This agreement is effective as of the date of the last signature.

WHEREAS, COUNTY and DMC entered into an Agreement for the Fiscal Year beginning July 1, 2012 through June 30, 2013, to provide comprehensive inpatient psychiatric services for COUNTY patients; and

WHEREAS, COUNTY and DMC entered into a First Amendment to the Agreement for the Fiscal Year beginning July, 1, 2012 through June 30, 2013, to extend the Agreement through July 31, 2013, to provide additional time to complete contract negotiations for the Fiscal Year 2013-2014 Agreement; and

WHEREAS, COUNTY and DMC continue the negotiation of the terms of an Agreement for the Fiscal Year 2013-2014; and

WHEREAS, COUNTY and DMC require additional time to complete the negotiations for the Agreement for the Fiscal Year 2013-2014 and desire to amend the Fiscal Year 2012-2013 Agreement for the second time to extend it for two additional months in order to complete the contract negotiations.

NOW, THEREFORE, in consideration of the mutual promises, covenants, terms and conditions hereinafter contained, the parties hereby agree that the Agreement entered into for the Fiscal Year beginning on July 1, 2012, and extended through July 31, 2013, is further amended to extend the Agreement through September 30, 2013. This Amendment is incorporated into the agreement as follows:

I. Amend under TERMS AND CONDITIONS, Section 31, TERM, 31.1 to read as follows:

3.1 This Agreement shall commence on July 1, 2012 ("**Effective Date**"), and continue through September 30, 2013.

II. All other terms and conditions of said Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date (s) shown below.

COUNTY OF STANISLAUS

Doctors Medical Center of Modesto, Inc.

By: Madelyn Schlaepfer  
Madelyn Schlaepfer, Ph.D., CEAP  
Behavioral Health Director

By: Warren J. Kirk 7/22/13  
Warren J. Kirk  
Chief Executive Officer

Date: 7-30-2013

"DMC"

"COUNTY"

APPROVED AS TO FORM:

John P. Doering  
John P. Doering  
County Counsel

BOS Action Item: 2013-385

Date: July 30, 2013