

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

DEPT: Behavioral Health And Recovery Services

BOARD AGENDA # \*B-12

Urgent

Routine

*opt hb*

AGENDA DATE June 24, 2014

CEO Concurs with Recommendation YES  NO

4/5 Vote Required YES  NO

(Information Attached)

SUBJECT:

Approval to Negotiate and Execute a New Provider Agreement with Doctors Medical Center (DMC) for Fee for Service Inpatient Psychiatric Services effective July 1, 2014 through June 30, 2016

STAFF RECOMMENDATIONS:

1. Authorize the Chief Executive Officer and the Director of Behavioral Health and Recovery Services to negotiate and execute the new Provider Agreement for Fee for Service Inpatient Psychiatric Services for the period July 1, 2014 through June 30, 2016.
2. Authorize the Behavioral Health Director, or her designee, to sign the agreement for Fee for Service Inpatient Psychiatric Services with Doctors Medical Center of Modesto effective July 1, 2014 through June 30, 2016.

FISCAL IMPACT:

Behavioral Health and Recovery Services (BHRS) currently contracts with Doctors Medical Center/Doctors Behavioral Health Center (DMC/DBHC) and hospitals in other counties for acute inpatient psychiatric beds, when the County's Psychiatric Health Center (PHF) is not the appropriate level of treatment or when beds are not available at the PHF. The estimated cost of the recommended Provider Agreement is \$4,900,000 for Fiscal Year 2014-2015 and \$5,026,000 for Fiscal Year 2015-2016.

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BOARD ACTION AS FOLLOWS:

No. 2014-328

On motion of Supervisor Chiesa, Seconded by Supervisor Withrow

and approved by the following vote,

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

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1)  Approved as recommended

2)  Denied

3)  Approved as amended

4)  Other:

MOTION:

*Christine Ferraro*

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

**FISCAL IMPACT (Continued):**

This represents an estimated decrease from the previous agreement that expires on June 30, 2014 of approximately \$2 million.

The Adopted Proposed Budget for Fiscal Year 2014-2015 includes funding for this agreement and subsequent year's funding will be included in the Fiscal Year 2015-2016 Proposed Budget submission. Funding for this agreement comes from the following sources: Federal Financial Participation for Medi-Cal, State 1991 and 2011 Realignment, and Department Fund Balance.

**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 35 beds on a daily basis for County patients, defined as: Medi-Cal adult beneficiaries of Stanislaus County, adult indigent uninsured residents of Stanislaus County, and "restoration to competency" patients. That agreement was terminated on December 31, 2009 and a new agreement was entered effective January 1, 2010 through June 30, 2012, followed by another agreement in place from July 1, 2012 through September 30, 2013. The current agreement, effective October 1, 2013 through June 30, 2014 reserved up to 21 beds from October 1, 2013 through February 28, 2014. After the County's Psychiatric Health Facility (PHF) opened on March 1, 2014 the number of beds reserved decreased to a minimum of nine (9) per day for County patients.

Representatives from the Chief Executive Office and Behavioral Health and Recovery Services have met with DMC representatives over the past several weeks to negotiate a two-year agreement for the use of up to 12 beds at DBHC. In mid-June, the County and DMC reached agreement on a rate and terms (as reflected in Attachment A) of the new two-year Provider Agreement:

- The new agreement will be effective July 1, 2014 through June 30, 2016.
- For Stanislaus County Medi-Cal patients: for the period of July 1, 2014 through June 30, 2015, Stanislaus County will pay to Doctors Behavioral Health Center a per diem rate of \$1,092 per authorized bed day, an increase of 3% from the previous rate of \$1,060. For the period of July 1, 2015 through June 30, 2016, Stanislaus County will pay to Doctors Behavioral Health Center a per diem rate of \$1,125 per authorized bed day, an increase of 3% from the previous rate of \$1,092.
- For Stanislaus County Medi-Cal patients, Stanislaus County will pay to Doctors Behavioral Health Center a per diem rate of \$519.94 per authorized Medi-Cal

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Administrative day as determined by the California Department of Health Care Services.

- For Stanislaus County Uninsured patients: for the period of July 1, 2014 through June 30, 2015, Stanislaus County will pay to Doctors Behavioral Health Center a per diem rate of \$889 per authorized bed day, an increase of 3% from the previous rate of \$863. For the period of July 1, 2015 through June 30, 2016, Stanislaus County will pay a per diem rate of \$916 per authorized bed day, an increase of 3% from the previous rate of \$889.
- For Stanislaus County Restoration to Competency patients, services may be provided at the County Psychiatric Health Facility provided beds are available. If beds are not available at the County Psychiatric Health Facility, Doctors Behavioral Health Center will accept Stanislaus County Restoration to Competency patients. Stanislaus County will continue to pay to Doctors Behavioral Health Center a per diem rate of \$889 per authorized bed day for the period of July 1, 2014 through July 1, 2015. Stanislaus County will pay a per diem rate of \$916 per authorized bed day for the period of July 1, 2015 through June 30, 2016.
- The payment rate for physician services provided to such Medi-Cal and Uninsured adult beneficiaries shall increase to \$92.70, a 3% increase from the previous rate of \$90, for an approved initial visit and \$60.00 for each approved follow-up, an increase of 18% from the previous rate of \$51. Payment for physician services will be made directly to the physician upon receipt of an appropriate invoice for the approved services.
- For Stanislaus County Uninsured patients for whom Behavioral Health and Recovery Services staff has conducted a crisis contact and found that a 72-hour hold is warranted, documentation for up to three days will not be subject to utilization review. Should the Uninsured patient subsequently have the stay covered by Medi-Cal, documentation will be reviewed at that time.
- Stanislaus County and Doctors Medical Center will share equally in the cost of a Concurrent Review Utilization Review Nurse to be located at Doctors Behavioral Health Center for the on-site, immediate review of medical records and immediate determination of each day's stay.
- In addition, Stanislaus County agrees to work collaboratively with Doctors Medical Center to document medical necessity, thereby reducing denial rates for County patient days. In the event denial rates do not materially decline in two (2) months out of any rolling three (3) month period, Stanislaus County or Doctors Medical Center may trigger an intervention by the Stanislaus County and Doctors Medical Center Chief Executive Officers. The Chief Executive Officers will meet and confer to consider further steps that will improve the documentation of medical necessity in order to reduce the denial rate toward Doctors Behavioral Health Center objectives.

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It is recommended that the Board of Supervisors approve the recommended actions so that a new agreement for locally provided psychiatric inpatient services may be in place effective July 1, 2014. This will ensure critically needed services in the community continue to be provided without interruption.

**POLICY ISSUES:**

Execution of this agreement 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 receive the appropriate level of care at a local facility.

**STAFFING IMPACT:**

There is no staffing impact associated with this item.

**CONTACT:**

Madelyn Schlaepfer, Behavioral Health Director. 209 525-6225



**CHIEF EXECUTIVE OFFICE**

**Stan Risen**  
*Chief Executive Officer*

**Patricia Hill Thomas**  
*Chief Operations Officer/  
Assistant Executive Officer*

**Keith D. Boggs**  
*Assistant Executive Officer*

**Jody Hayes**  
*Assistant Executive Officer*

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Phone: 209.525.6333 Fax 209.544.6226

June 20, 2014

Warren Kirk, CEO  
Doctors Medical Center  
Doctors Behavioral Health Center  
1441 Florida Avenue  
Modesto, CA 95350

Dear Warren:

This letter is to summarize the terms of the new agreement for psychiatric inpatient services between the County and Doctors Medical Center/Doctors Behavioral Health Center, as agreed upon during a conference call on June 19, 2014. We appreciate your willingness to continue to partner with the County on these critical services and look forward to putting the new agreement into place.

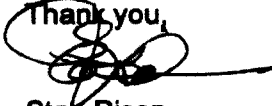
The final terms of the new agreement for psychiatric inpatient services are as follows:

1. Term of the agreement: July 1, 2014 through June 30, 2016.
2. Number of beds for County use: A minimum of twelve beds will be made available for County patients.
3. Reimbursement rates:
  - a. County will increase the Medi-Cal rate by 3% effective July 1, 2014, and an additional 3% effective July 1, 2015.
  - b. County will increase the Uninsured rate by 3% effective July 1, 2014, and an additional 3% effective July 1, 2015.
4. Improved partnering efforts:
  - a. For County uninsured patients for whom Behavioral Health and Recovery Services staff has conducted a crisis contact and found that a 72-hour hold is warranted, documentation for up to three days will not be subject to utilization review. Should the uninsured patient subsequently have the stay covered by Medi-Cal, documentation will be reviewed at that time.
  - b. Doctors Medical Center will pay County for "retro patients" within 30 days after receiving, from the County, the list of patients who qualify for this payment.

Warren Kirk  
Doctors Medical Center  
June 20, 2014

- c. Doctors Medical Center will continue participation and contribution toward the plan to create a Crisis Stabilization Unit (CSU).
5. Denial rates:
  - a. County and Doctors Medical Center will share equally in the cost of a Concurrent Review Utilization Review Nurse to be located at Doctors Behavioral Health Center for the on-site, immediate review of medical records and immediate determination of each day's stay.
  - b. County will work collaborative with Doctors Medical Center to document medical necessity, thereby reducing denial rates for County patient days. In the event denial rates do not materially decline in two (2) months out of any rolling three (3) month period, County or Doctors Medical Center may trigger an intervention by the County and Doctors Medical Center Chief Executive Officers. The Chief Executive Officers will meet and confer to consider further steps that will improve the documentation of medical necessity in order to reduce the denial rate toward Doctors Behavioral Health Center objectives.
- ~~6. Professional fees: The payment rate for physician services will increase to \$92.70 for an approved initial visit and will increase to \$60.00 for an approved follow-up visit.~~
7. Restoration to Competency: Services may be provided at the County Psychiatric Health Facility provided beds are available. If beds are not available, Doctors Behavioral Health Center will accept Restoration to Competency patients at the same rate as County uninsured patients.

After your review, please sign to indicate your concurrence and return to my office electronically so that we can share with our Board of Supervisors as we request authorization for this new agreement at the June 24<sup>th</sup> meeting. Please let me know if you have any questions or concerns, or if you believe we have not adequately captured the terms. Once we have your concurrence, we will finalize the agreement and forward it for your signature.

Thank you,  
  
Stan Risen  
Chief Executive Officer

DMC Concurrence: Warren Kirk 6/20/14  
Warren Kirk, Chief Executive Officer Date