

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

257



FROM: Department of Mental Health

SUBMITTAL DATE:

June 18, 2007

SUBJECT: Approval of increased aggregate for FY 2006/07 Institutes of Mental Disease (IMD) contracts and Approval of the FY 2007/08 contracts with Institutes of Mental Disease (IMD) providers.

RECOMMENDED MOTION: Move that the Board of Supervisors:

1. Increase the FY 2006/07 Institute of Mental Disease (IMD) aggregate from \$6M to \$7M; and authorize the Purchasing Agent to enter into FY 2006/07 amendments;
2. Approve the FY 2007/08 contracts with Institutes of Mental Disease (IMD) providers;
3. Authorize the Purchasing Agent to enter into amendments with the IMD facilities for the annual state rate adjustment and to transfer funds between these contracts as necessary, increasing and decreasing the amount of each according to the actual usage of each IMD and State rate adjustments not to exceed the aggregate amount of \$7,000,000 for all, through June 30, 2013;
4. Authorize the Purchasing Agent to establish new contracts not to exceed \$100,000 and not to exceed the annual aggregate of \$7,000,000 annually through June 30, 2013; and authorize the purchasing agent to annually renew these contracts not to exceed the annual aggregate of \$7,000,000 through June 30, 2013.

BACKGROUND: On August 10, 2004, item 3.49, the Board approved a four (4) year contract with the IMD providers and authorized the Purchasing Agent to enter into amendments and annually renew existing contracts with the IMD facilities for any state rate adjustments and to transfer funds between these contracts as necessary, increasing and decreasing the amount of each according to the actual usage of each IMD, staying within the annual aggregate amount of \$3,673,584 for all, annually through June 30, 2008.

Continued on page 2...

JW:kas

Jerry Wengerd

Jerry Wengerd, Director
Department of Mental Health

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|-----------------------|-------------------------------|-------------|-------------------------|-------------|
| FINANCIAL DATA | Current F.Y. Total Cost: | \$7,000,000 | In Current Year Budget: | YES |
| | Current F.Y. Net County Cost: | \$0 | Budget Adjustment: | NO |
| | Annual Net County Cost: | \$0 | For Fiscal Year: | 06/07-12/13 |

| | | |
|---|---|--------------------------|
| SOURCE OF FUNDS: 86% State & 14% 3 rd Party | Positions To Be Deleted Per A-30 | <input type="checkbox"/> |
| | Requires 4/5 Vote | <input type="checkbox"/> |

C.E.O. RECOMMENDATION: APPROVE

County Executive Office Signature BY: *Debra Cournoyer*
Debra Cournoyer

FORM APPROVED COUNTY COUNSEL

JUN 18 2007 BY *Mark Seiler* Mark Seiler, Assistant Director

Purchasing: *Mark Seiler*

Dep't Recomm: Consent Policy Policy Per Exec. Ofc: Consent Policy

SUBJECT: Approval of the FY 2007/08 contracts with Institutes of Mental Disease (IMD) providers.

BACKGROUND: (continued)

On May 17, 2005, item 3.18, the Board approved an increase to the annual aggregate from \$3,673,584 to \$4,000,000 through June 30, 2008. On May 2, 2006, item 3.27; the Board approved an increase to the annual aggregate from \$4,000,000 to \$5,000,000 and subsequently on February 27, 2007, item 3.63; the Board approved a further increase to the annual aggregate amount from \$5,000,000 to \$6,000,000. The Department has analyzed the year end projections and with increased utilization and rate increase imposed by the state, the aggregate needs to be increased by \$1,000,000 to cover the costs of treating these severely mentally ill clients. The Department's current fiscal year end projection of IMD service cost is \$6,259,229.

The Department realizes there is one more year to renew contracts; however, significant changes to the contract boilerplates were made and need to be implemented effective July 1, 2007. The Department is taking measures to find alternate residential facilities for the severely mentally ill clients at a more economical rate which should be in place by the end of the fiscal year.

The contract maximum is based on a projected utilization multiplied by the State mandated IMD rate. With the rapidly growing population in Riverside County, the need for this level of care has increased. Utilization is monitored throughout the year to determine the fiscal year-end utilization projection and the State Department of Mental Health (DMH) has previously notified counties of the new rate a few months after the rate has already increased. The Department received DMH Information Notice No.: 05-11, notifying Counties that rate would increase by 6.5% annually effective July 1, 2005 through June 30, 2008; thereafter, effective July 1, 2008 the reimbursement rate for IMDs increases by 4.7% annually. The notice also stated that Counties would no longer be notified by DMH Information Notices of these annual rate increases. The rate for FY 2007/08 is calculated to be \$150.19 per bed day.

IMD providers are state licensed Skilled Nursing Facilities with a Special Treatment Program serving adult clients age 18 to 64. Consumers of these services are placed into IMD facilities based on the severity of their mental illness, treatment needs and the availability of beds. Treatment services include: Self-help skills training, behavioral intervention training, interpersonal relationships, discharge planning, and pre-vocational preparation services. The Department is also responsible to pay for ancillary services which include psychotropic medications.

The Department currently contracts with four (4) IMD providers; Country Villa Riverside Health Center, Braswell Enterprises dba. Sierra Vista, Vista Pacifica Enterprises, Inc., and Shandin Hills Rehabilitation Center. A summary of contract obligation is summarized in Attachment A.

FINANCIAL IMPACT:

There are sufficient funds in the Department's budget for Fiscal Year 2007/08 to provide for the necessary increase. Funding for these IMD services are budgeted annually. These contracts contain termination provisions in case of unavailability of any Federal, State, and/or County funds. No additional County funds are required.

ATTACHMENT A

RIVERSIDE COUNTY DEPARTMENT OF MENTAL HEALTH CONTRACT JUSTIFICATIONS, FY 2007/2008

Institutes for Mental Diseases (IMDs) are State-licensed Skilled Nursing facilities (SNF) with special treatment programs, serving clients within the age range of 18-64. Treatment services include: self-help skills training, behavioral intervention training, interpersonal relationships, discharge planning, and pre-vocations preparation services (i.e. homemaking, work activity, and vocational planning).

| CONTRACTOR | FY 2006/07 | ADJUSTMENT Increase/Decrease | AMOUNT | Revised FY 06/07 & FY 2007/08 |
|--|--------------------|---|------------------|--|
| Country Villa Riverside HealthCare Center. | \$2,364,407 | Increase | \$393,593 | \$2,758,000 |
| Shandin Hills Rehabilitation Center. | \$1,223,579 | Increase | \$203,721 | \$1,427,300 |
| Sierra Vista | \$933,914 | Increase | \$155,986 | \$1,089,900 |
| Vista Pacifica Enterprises, Inc. | \$1,477,957 | Increase | \$246,146 | \$1,724,100 |
| TOTAL | \$5,999,857 | | \$999,443 | \$ 6,999,300 |