

County of Santa Clara

Office of the County Executive

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DATE: February 15, 2023

TO: Honorable Board of Supervisors
Jeffrey V. Smith, County Executive

FROM: Rene Santiago, Deputy County Executive/ Director, Health System ^{DS} RS
Sherri Terao, Director of Behavioral Health Services ^{DS} ST

SUBJECT: Process Related to Changes to Contracts under Delegation of Authority

During the Board of Supervisors Meeting on January 10, 2023 (Item No. 14), Supervisor Chavez requested an off-agenda report relating to the process for identifying contracts for amendment and reallocating resources.

Overview

The Mental Health and Substance Use as a Public Health Crisis (PHC) Delegation of Authority (DOA) enables the Behavioral Health Services Department (BHSD) to amend existing agreements or enter into new agreements for the following: behavioral health treatment services, housing for persons with behavioral health needs, and workforce initiatives. A BHSD contract/program amended under any DOA undergoes an extensive review workflow, which includes various levels of BHSD staff, the Office of Budget and Analysis, Health and Hospital Finance, and the contracted provider. In addition, contracts and other documents executed under any DOA will also be reviewed by the Office of the County Counsel as to form and legality and reviewed by the Office of the County Executive. Updates to the Board on service expansions accomplished expeditiously through the PHC DOA are included in the monthly presentations to the Board by BHSD and other departments under the "Mental Health and Substance Use as a Public Health Crisis" DOA Usage Tracker.

Amendment Process

BHSD offers the opportunity for amendments in the following areas: 1) to increase or decrease contracted Medi-Cal expenses and/or contracted budget, 2) to increase or decrease contracted capacity, 3) to change program service parameters such as service mix, length of stay and/or dosage, and 4) to change and/or update contracted language or context such as correcting an address, name, or including new policy mandates. Below are examples for when Program Modifications are processed:

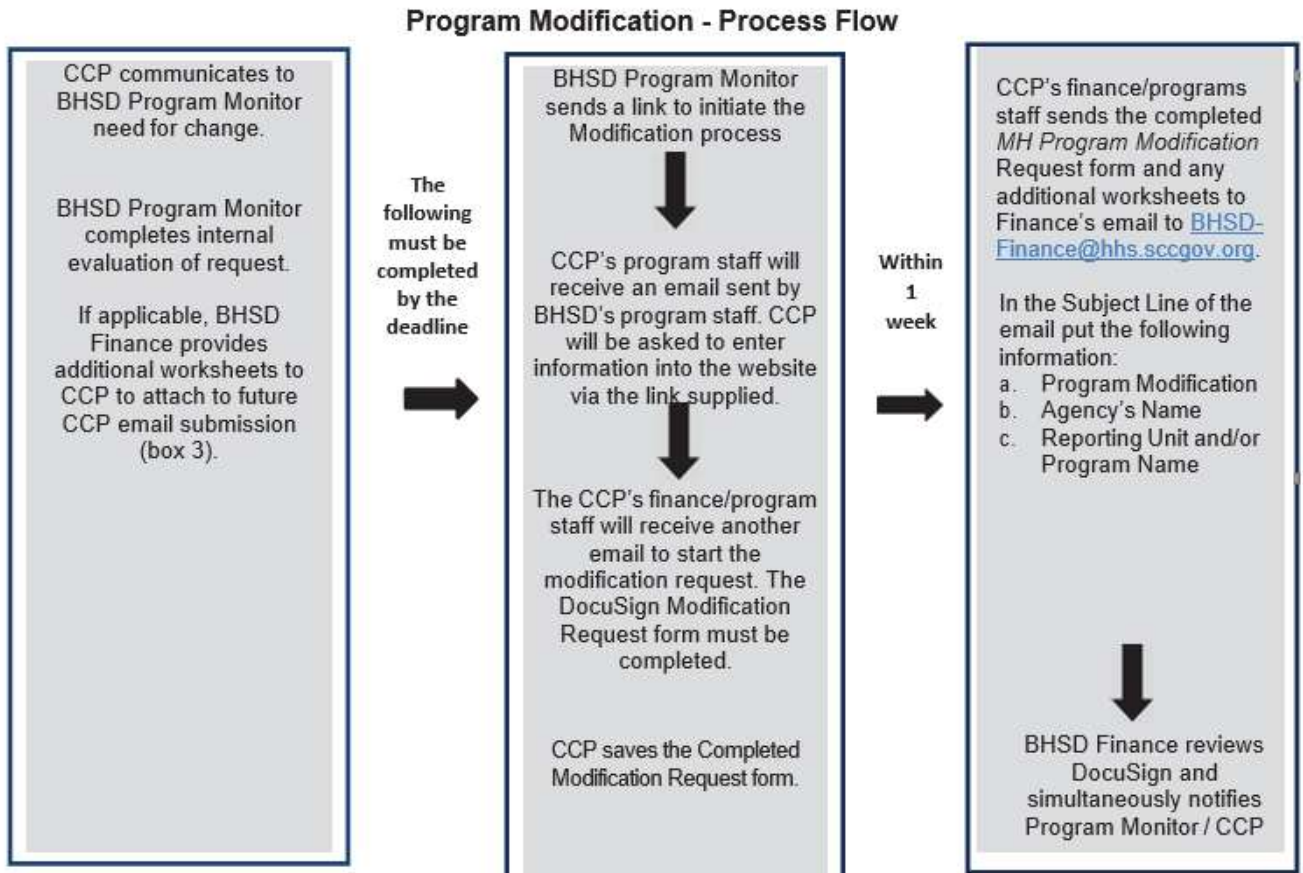
- When contracts/programs need to be right-sized, meaning that there are service parameters that need to be modified based on the needs of the population.
- When new Federal, State or County processes, protocols, or regulations are implemented, such as CalAIM, mandates pertaining to the COVID-19 pandemic, etc.
- When there is a need to increase or decrease an agency's contracted capacity, based on needs of the population.
- When increasing or decreasing contracted Medi-Cal expenses and/or contracted budgets.
- When based on data driven outcomes, a change to program service parameters such as service mix, length of stay and/or dosage are needed.
- When a change and/or update to the existing contracted language, program deliverables, or an agency update such as correcting an address or agency name occurs.
- When changes to existing contracts due to new policy mandates occurs.

BHSD reallocates funding by reviewing invoices, financial, and capacity reports. Reallocation of funding is based on utilization trends within an agency. If underutilization is not determined within an agency, BHSD looks across the system at other agencies for underutilization funding to be reallocated to those agencies to meet system needs. Below is the step-by-step process:

- BHSD conducts bi-annual and annual financial analyses that is reviewed by the Finance and Programs teams with the contracted provider. These reviews identify service areas that are underutilized, under capacity, or overspent and discussions are based on the need of the population being served. These reviews, in addition to ongoing monthly reviews of program invoices and capacity reports, are used to determine when a contracts funding needs to be reallocated, based on utilization trends within an agency.

- If underutilization is not determined within an agency, BHSD looks across the system at other agencies for underutilization funding to move or reallocate funding from those agencies to meet system needs. Reallocation can also occur in instances in which the influx of clients over exceeds the program’s contracted capacity, yielding an exceeded maximum financial obligation.

In the instance that a contract is requested to be amended by a County Contracted Provider (CCP), the CCP and BHSD would discuss the requests for any changes to the terms of the agreement. BHSD conducts an internal analysis, which involves a thorough review of program data and reports. Programs are reviewed as a whole since specific services are often provided to the community by multiple contracted providers. BHSD communicates with the various contracted providers to determine each agency's capacity to provide services based on BHSD and community needs. Below is a visual of the Program Modification process workflow.



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