



COUNTY OF SAN DIEGO

AGENDA ITEM

DRAFT

BOARD OF SUPERVISORS

NORA VARGAS
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

NATHAN FLETCHER
Fourth District

JIM DESMOND
Fifth District

DATE: August 16, 2022

XX

TO: Board of Supervisors

SUBJECT

AUTHORIZATION TO ENTER INTO A CONTRACT WITH ALVARADO HOSPITAL, LLC DBA ALVARADO HOSPITAL MEDICAL CENTER FOR MEDI-CAL MANAGED CARE INPATIENT ACUTE PSYCHIATRIC SERVICES AND CRISIS STABILIZATION SERVICES AND ESTABLISH APPROPRIATIONS FOR FACILITY IMPROVEMENTS AT ALVARADO HOSPITAL MEDICAL CENTER (DISTRICTS: ALL) (4 VOTES)

OVERVIEW

Under the leadership of the San Diego County Board of Supervisors (Board), behavioral health care in San Diego County is in the midst of a profound transformation. The County of San Diego (County) is taking action and making strategic investments to move the local behavioral health care delivery system from a model of care driven by crises to one centered on continuous, coordinated care and prevention. These efforts are guided by data, focused on equity, and designed to create collaborative work across sectors, within and outside of government.

To further advance regional distribution of services and to enhance capacity for critical crisis and inpatient services, the County is committed to supporting investments in new Medi-Cal Managed Care Psychiatric Inpatient Services and a hospital-based crisis stabilization unit (CSU) at Alvarado Hospital, LLC dba Alvarado Hospital Medical Center (Alvarado Hospital) to support the most vulnerable individuals and families who are experiencing a behavioral health crisis.

Medi-Cal Managed Care Psychiatric Inpatient Services provide inpatient care to adults with acute symptoms of mental illness in need of 24-hour observation and intensive treatment. The services are available to Medi-Cal enrolled and eligible residents countywide and include diagnosis, care, and treatment of acute episodes. The inpatient psychiatric setting offers a secure environment where adults can regain their functioning and establish an aftercare plan before transferring to a lower-acuity level of care.

Hospital-based crisis stabilization units provide emergency psychiatric services to stabilize individuals who are experiencing a psychiatric crisis and connect them to ongoing services that meet their individual needs. Services typically last less than 24 hours and include crisis intervention, ongoing assessment and stabilization, medication administration, consultation with family and outpatient providers, and linkage and/or referral to follow-up community-based services and resources. Hospital-based crisis stabilization services reduce unnecessary

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hospitalizations by diverting individuals from medical emergency departments and inpatient care, whenever possible, stabilizing them and connecting them to community-based behavioral health services for ongoing care.

Today's actions request the Board to authorize the Director of the Department of Purchasing and Contracting, or designee, to enter into a single source contract with Alvarado Hospital for Medi-Cal Managed Care Inpatient Acute Psychiatric Services and hospital-based crisis stabilization services, and to establish appropriations for facility improvements at Alvarado Hospital to support the safety of and provision of quality care to individuals in need of acute inpatient care and crisis stabilization services.

The actions requested will increase regional capacity by adding XX new dedicated psychiatric acute inpatient beds and up to XX hospital-based CSU recliners for individuals who are Medi-Cal eligible, improving access to critical inpatient and stabilization services for vulnerable adults countywide who are experiencing a behavioral health crisis. This collaboration with Alvarado Hospital is a unique opportunity to advance the behavioral health continuum of care in a relatively expeditious manner and aligns with the principals of ongoing behavioral health hub work across the region.

This item supports the County's vision of a just, sustainable, and resilient future for all, specifically those communities and populations in San Diego County that have been historically left behind, as well as our ongoing commitment to the regional *Live Well San Diego* vision of healthy, safe, and thriving communities. It will advance the behavioral health continuum of care by supporting better access to care for individuals, better health for local populations, and more efficient health care resourcing in alignment with the Board's Framework for Our Future priorities.

RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER

1. Find that the proposed actions are exempt from the California Environmental Quality Act (CEQA) pursuant to state CEQA Guidelines section 15301 because they involve minor interior alterations to an existing building involving negligible or no expansion of the existing use.
2. Pursuant to California Government Code section 26227, and in accordance with Board Policy A-87, Competitive Procurement, authorize the Director, Department of Purchasing and Contracting, upon successful negotiations and determination of a fair and reasonable price, to enter into a single source contract with Alvarado Hospital, LLC dba Alvarado Hospital Medical Center for Medi-Cal Managed Care Inpatient Acute Psychiatric services and hospital-based crisis stabilization services for an initial term of up to five years, with five 5-year options and up to an additional six months, if needed, subject to the availability of funds and the approval of the Agency Director, Health and Human Services Agency,

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and to amend the contract as needed, to reflect changes to requirements and funding subject to the approval of the Agency Director, Health and Human Services Agency.

3. Establish appropriations of \$XX in the County of San Diego Health and Human Services Agency, Services & Supplies, for facility improvements to support the development of Medi-Cal Managed Care Inpatient Acute Psychiatric services and a hospital-based crisis stabilization unit within Alvarado Hospital (4 VOTES).

EQUITY IMPACT STATEMENT

The County of San Diego Health and Human Services Agency, Behavioral Health Services (BHS) functions as the specialty mental health plan for Medi-Cal eligible residents within San Diego County with serious mental illness, and the service delivery system for Medi-Cal eligible residents with substance use disorder care needs. As a regional steward of public health, BHS must ensure that services address the social determinants of health by being accessible, capable of meeting the needs of a diverse population, and equitably distributed to those most in need. BHS utilizes a population health approach, evidence-based practices, robust data analysis, and input from consumers, community-based providers, healthcare organizations and other stakeholders to identify community need and design services that are impactful, equitable, and yield meaningful outcomes for clients to identify community need and design services that are impactful, equitable, and yield meaningful outcomes for clients.

If approved, today's actions will be key steps in increasing capacity of inpatient acute psychiatric services for Medi-Cal eligible adults countywide through collaboration with Alvarado Hospital, LLC dba Alvarado Hospital Medical Center. These actions will improve access to critical inpatient care for vulnerable adults who are experiencing a behavioral health crisis.

FISCAL IMPACT

Funds for this request are not included in the Fiscal Year (FY) 2022-24 Operational Plan in the Health and Human Services Agency. If approved, this request will result in estimated cost and revenue of \$XX for Medi-Cal Managed Care Inpatient Acute Psychiatric services in FY 2022-23 and \$XX in FY 2023-24. The funding source for services will be Short-Doyle Medi-Cal and Realignment. If approved, this request will also result in estimated cost and revenue of \$XX for hospital-based crisis stabilization services in FY 2022-23 and \$XX in FY 2023-24. The funding source for services will be Short-Doyle Medi-Cal, Mental Health Services Act and Realignment. If approved, this request will also result in estimated one-time cost and revenues of \$XX for facility improvements in FY 2022-23. The funding source for the one-time facility improvements is Realignment. The final capital investment will be outlined through a revenue sharing agreement that is based on the final number of dedicated psychiatric acute inpatient beds for Medi-Cal eligible individuals and the number of hospital-based crisis stabilization beds. There will be no change in net County General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

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ADVISORY BOARD STATEMENT

At their August 4, 2022 regular meeting, the Behavioral Health Advisory Board voted to _____ these recommendations.

BACKGROUND

Under the leadership of the San Diego County Board of Supervisors (Board), behavioral health care in San Diego County is in the midst of a profound transformation. The County of San Diego (County) is taking action and making strategic investments to move the local behavioral health care delivery system from a model of care driven by crises to one centered on continuous, coordinated care and prevention. These efforts are guided by data, focused on equity, and designed to engender collaborative work across silos, within and outside of government.

To further advance regional distribution of services and to enhance capacity for critical crisis and inpatient services, the County is committed to supporting critical investments in new Medi-Cal Managed Care Psychiatric Inpatient Services and a hospital-based crisis stabilization unit (CSU) at Alvarado Hospital, LLC dba Alvarado Hospital Medical Center (Alvarado Hospital) to support the most vulnerable individuals and families who are experiencing a behavioral health crisis.

Medi-Cal Managed Care Psychiatric Inpatient Services provide inpatient care to adults with acute symptoms of mental illness in need of 24-hour observation and intensive treatment. The services are available to residents countywide and include diagnosis, care, and treatment of acute episodes. The inpatient psychiatric setting offers a secure environment where adults can regain their functioning and establish an aftercare plan before transferring into a lower-acuity facility. Acute inpatient psychiatric care is a critical component of the overall continuum of behavioral health services. Establishing this agreement with Alvarado Hospital offers a unique opportunity to advance the behavioral health continuum of care in a relatively expeditious manner and aligns with the operational principles of *regional behavioral health hubs*, described in previous items put before this Board.

Hospital-based CSUs provide emergency psychiatric services to stabilize individuals who are experiencing a psychiatric crisis and connect them to ongoing services that meet their individual needs. Services must last less than 24 hours and include crisis intervention, ongoing assessment and stabilization, medication administration, consultation with family and outpatient providers, and linkage and/or referral to follow-up community-based services and resources. Hospital-based CSUs reduce unnecessary hospitalizations by diverting individuals from emergency departments and inpatient care, whenever possible, stabilizing them and connecting them to community-based behavioral health services for ongoing care.

The new hospital-based CSU within Alvarado Hospital will increase access, improve the quality of behavioral health care, and provide more robust care coordination aligned with upstream prevention and continuous care, and is expected to yield the following outcomes:

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- Reductions in emergency department admissions,
- Reductions in discharges to inpatient care,
- Increased connection of individuals discharged from the CSU to family, community resources, and other support systems to strengthen engagement and maintain stability,
- Enhanced care coordination, including connections to ongoing, community-based care and follow-up, to ensure individuals remain connected to treatment,
- Reductions in the rates of inpatient and CSU readmissions,
- Increased enrollment of eligible individuals to Medi-Cal,
- Reductions in much more expensive inpatient hospitalizations.

To ensure the utmost safety of individuals receiving care, facilities providing acute inpatient psychiatric services and crisis stabilization services are required to provide patient care in a safe environment that includes ligature-resistant patient rooms, patient bathrooms, corridors, and common patient care areas, along with nursing stations that have unobstructed views of all patients. The recommended one-time investment for facility improvements will support this requirement by funding ligature-resistant improvement work on previously hospital-licensed beds within Alvarado Hospital, along with new work required to transition two floors into inpatient acute psychiatric services and a hospital-based CSU in a separate building within the campus that will provide new capacity to Medi-Cal enrolled or eligible patients in need of behavioral health care. The final investment for facility improvements will be outlined through a revenue sharing agreement that is based on the dedicated number of psychiatric acute inpatient beds for Medi-Cal eligible individuals.

The recommended one-time investment for facility improvements within Alvarado Hospital, though substantial, is more cost effective with a relatively low cost per bed of approximately and will be completed in an expedited timeline when compared to the cost and time to develop and construct a new standalone acute inpatient psychiatric facility. Completion of these facility improvements will establish new acute inpatient bed capacity and a new hospital-based CSU adjacent to the East region of San Diego County expanding services to this highly dense Medi-Cal population. It will also ensure increased access to patients by allowing them to receive treatment in close proximity to where they reside instead of being transported to other areas of the county.

The new collaboration with Alvarado Hospital will establish a bed reservation system that guarantees bed availability for Medi-Cal eligible individuals and will establish fair-market baseline bed rates for Medi-Cal patients. Additionally, key service and operational requirements will be established, including staffing arrangements that may include the ability for County staff to work within the psychiatric acute inpatient unit and crisis stabilization unit, and the extended term of the agreement, which will be effective for 30 years. This unique opportunity to collaborate with Alvarado Hospital will enhance the behavioral health continuum of care by increasing the number of dedicated Medi-Cal acute inpatient psychiatric beds and hospital-based CSU services and aligns with the principles of ongoing behavioral health hub work across the region.

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Advancing these collaborative efforts, in partnership with Alvarado Hospital, will increase the capacity of regional acute inpatient and crisis stabilization services for individuals who are Medi-Cal eligible, improving access to critical behavioral health inpatient and crisis care for vulnerable adults countywide. This optimally timed opportunity also provides a robust long-term strategy to shift acute inpatient services out of the San Diego County Psychiatric Hospital, which operates in a County-owned facility that will require substantial one-time and ongoing investments to remain operational as an acute inpatient hospital.

Today's actions request the Board to authorize the Director of the Department of Purchasing and Contracting to enter into a single source contract with Alvarado Hospital for Medi-Cal Managed Care Inpatient Acute Psychiatric Services and hospital-based crisis stabilization services, and to establish appropriations for facility improvements at Alvarado Hospital to support the safety of and provision of quality care to individuals in need of acute inpatient care and crisis stabilization services.

These services qualify for single source procurements based on Section D1-3 of Board Policy A-87 Competitive Procurement: The procurement is for services from a provider with unique knowledge, skill, or ability not available from other sources. There are limited providers able to offer acute inpatient services and hospital-based crisis stabilization services, which are administered in a licensed behavioral health facility with specialized equipment, including ligature resistant space for patient care, and by qualified and licensed professional staff, including psychiatrists. The County Health and Human Services Agency, Behavioral Health Services continues to make efforts to identify hospitals that are willing and able to provide dedicated acute inpatient services and hospital-based crisis stabilization services for Medi-Cal beneficiaries throughout San Diego County.

Today's action also requests the Board to establish one-time appropriations of \$XX within the County Human Services Agency, Services & Supplies for contracted services for facility improvements.

These actions will advance the County's ongoing work across systems to support better care of individuals, better health for local populations, and more efficient health care resourcing in alignment with the Board's Framework for Our Future priorities, while maintaining prudent fiscal management of the County's resources. In doing so, today's item supports our ongoing commitment to the regional *Live Well San Diego* vision of healthy, safe, and thriving communities.

ENVIRONMENTAL STATEMENT

The proposed actions are exempt from review under the California Environmental Quality Act (CEQA) pursuant to section 15301 of the CEQA Guidelines because they constitute minor alterations of existing facilities involving negligible or no expansion of existing use.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

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Today's proposed actions support the County of San Diego's 2022-2027 Strategic Plan Initiatives of Equity (Health) and Community (Quality of Life) as well as the regional *Live Well San Diego* vision, by reducing disparities and disproportionality of individuals with mental illness and substance use disorders and ensuring access to a comprehensive continuum of behavioral health services administered through accessible behavioral health programs; and providing programs and services that enhance the community through increasing the well-being of residents and local environments.

Respectfully submitted,

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SIGNATURE

HELEN N. ROBBINS-MEYER
Chief Administrative Officer

ATTACHMENT(S)

N/A