



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

NORA VARGAS
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: April 9, 2024

20

TO: Board of Supervisors

SUBJECT

UPDATE ON THE REGIONAL CAPACITY AND NEED FOR BOARD AND CARE AND SUBACUTE SERVICES TO SUPPORT MEDI-CAL ELIGIBLE ADULTS WITH BEHAVIORAL HEALTH CONDITIONS, AUTHORIZE AMENDMENTS TO EXTEND EXISTING CONTRACTS, AND AUTHORIZE SUNSET OF REPORTING ON UPDATES TO ADDRESS THE BEHAVIORAL HEALTH WORKER SHORTAGE (DISTRICTS: ALL)

OVERVIEW

In California, counties are responsible for administering specialty mental health and substance use services to residents eligible for Medi-Cal. In order to optimize access to care and quality as a health plan, the County of San Diego Health and Human Services Agency, Behavioral Health Services (BHS) is required to maintain a local network of mental health and substance use services and providers that meets the needs of Medi-Cal beneficiaries. Recent work by BHS has sought to rebalance the entire care system using a more upstream approach that emphasizes prevention and connects people to care within least restrictive settings.

On September 27, 2022 (23), the San Diego County Board of Supervisors (Board) received an update on the Behavioral Health Continuum of Care that outlined strategies to rebalance the system and address the historical lack of equity within long-term care through enhancements to community-based care and shifts within subacute services. These strategies were informed by the Behavioral Health Optimal Care Pathways (OCP) model, a data-informed algorithm that quantifies utilization across three key service areas: community crisis diversion, subacute care, and community-based care.

Further building on the OCP model, on September 12, 2023 (23), the Board directed staff to assess the capacity of board and care and subacute beds that serve Medi-Cal eligible adults with behavioral health conditions in San Diego County. The Board also directed staff to report back with estimates on the capacity needed to adequately support individuals within the region and strategies to enhance capacity. Today's action provides an update on this direction and requests the Board to authorize amendments to extend five existing board and care contracts, known as augmented services programs. Additionally, today's action requests the Board direct the Interim Chief Administrative Officer to sunset previously directed time-certain reporting on addressing the behavioral health worker shortage in San Diego County. BHS has completed all actions set

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forth by the Board and has provided three updates on progress to date, and any additional workforce related items will be included as-needed in future updates to the Board.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Receive an update on the regional capacity of board and care and subacute beds for Medi-Cal eligible adults with serious behavioral health conditions and strategies to enhance board and care and subacute capacity in San Diego County.
2. In accordance with Board Policy A-87, Competitive Procurement, and Administrative Code Section 401, authorize the Director, Department of Purchasing and Contracting, subject to successful negotiations and a determination of a fair and reasonable price, to amend five licensed board and care contracts, also referred to as augmented services programs, inclusive of adult residential facilities (ARFs) and residential care facilities for the elderly (RCFEs) listed below to extend the contract term up to June 30, 2025, and up to an additional six months, if needed; subject to the availability of funds; and amend the contracts as required in order to reflect changes to services and funding allocations, subject to the approval of the Agency Director, Health and Human Services Agency.
 - a. Casa de Oro Residential Care ARF (Contract #560378)
 - b. Carroll's Community Care ARF Contract #560381)
 - c. Tharon San Diego, LLC RCFE (Contract #569769)
 - d. Fancor Guest Home ARF (Contract #560379)
 - e. Orlando Residential Care ARF (Contract #560380)
3. Direct the Interim Chief Administrative Officer to sunset time-certain reporting for addressing the behavioral health worker shortage in San Diego County as directed actions have been completed.

EQUITY IMPACT STATEMENT

The update on these recommendations highlights the equity considerations of enhancing board and care, as well as subacute bed capacity, for Medi-Cal eligible adults with serious behavioral health conditions in San Diego County. The initiatives to update regional capacity, amend contracts with care facilities, and address the behavioral health worker shortage directly target the needs of our most vulnerable populations. By focusing on equitable access and resource allocation, these actions aim to dismantle barriers in healthcare access, ensuring that every individual, irrespective of socioeconomic status, receives the necessary care and support.

Expanding services and extending contracts with adult residential facilities and residential care facilities for the elderly are pivotal steps toward creating a more inclusive healthcare system. Coupled with strategic efforts to overcome the workforce shortage in the behavioral health sector, these recommendations promise to significantly improve service availability and quality for underserved communities. The San Diego County Board of Supervisors consideration of these equity-focused proposals is crucial for fostering a healthcare environment where equity is not just an aspiration but a realized outcome for all San Diego County residents.

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SUSTAINABILITY IMPACT STATEMENT

Today’s proposed actions align with the County of San Diego (County) Sustainability Goal #2, which seeks to ensure equitable access to County services. Enhancing board and care facilities and increasing subacute bed capacity across the county prioritize equitable access to essential services for Medi-Cal eligible adults.

This item also supports Sustainability Goal #4 to protect the health and well-being of everyone in San Diego County. By increasing capacity within community-crisis diversion, community-based care, and establishing additional subacute care, this body of work moves our long-term care system to a more ideal state to better serve the entire region.

FISCAL IMPACT

There are no fiscal impacts for recommendations #1 or #3. For recommendation #2, funds are included in the Fiscal Year (FY) 2024-26 CAO Recommended Operational Plan for the Health and Human Services Agency. If approved, today’s recommendation will result in approximate costs and revenue of \$3.4 million in FY 2024-25. The funding source is Mental Health Services Act. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

The Behavioral Health Advisory Board voted to approve this item at their regular meeting on February 7, 2024.

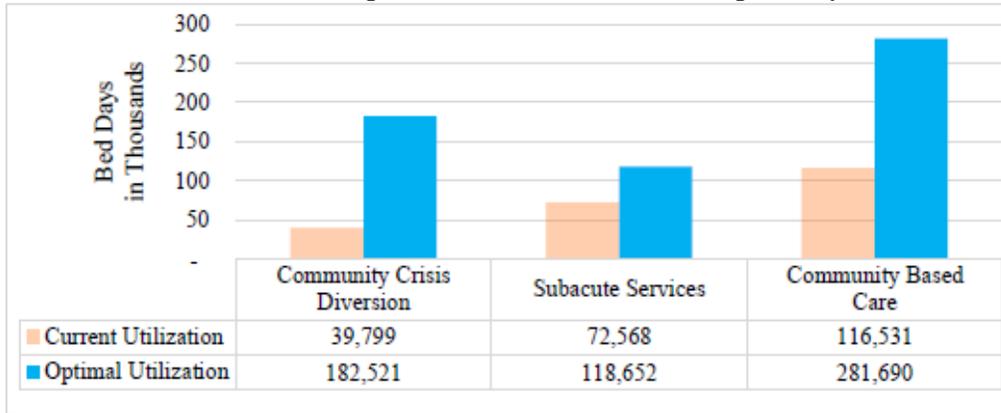
BACKGROUND

In California, counties are responsible for administering specialty mental health and substance use services to residents eligible for Medi-Cal. To optimize access to care and quality as a health plan, the County of San Diego (County) Health and Human Services Agency (HHSA), Behavioral Health Services (BHS) is required to maintain a network of mental health and substance use services and providers that meets the needs of Medi-Cal beneficiaries locally. Recent work by BHS has sought to rebalance the entire care system using a more upstream approach that emphasizes prevention and connects people to care within least restrictive settings.

On September 27, 2022 (23), the San Diego County Board of Supervisors (Board) received an update on the Behavioral Health Continuum of Care that outlined strategies to rebalance the system and address the historical lack of equity within long-term care through enhancements to community-based care and shifts within subacute services. These strategies were informed by the Behavioral Health Optimal Care Pathways (OCP) model, a data-informed algorithm that quantifies utilization across three key service domains: community crisis diversion, subacute care, and community-based care.

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The OCP model focuses on care utilization assumptions that reflect appropriate lengths of stay and durations of connection to the right level of care focusing on prevention, community supports, and diversion from unnecessary higher levels of care. It outlines the need to recalibrate and enhance existing services, and more than double utilization across these three domains of care to optimize flow, minimize barriers to care, and open more cost-effective care pathways.



Once OCP recommendations are fully realized, it is anticipated that individuals will be able to access the care they need to ensure long-term wellness. Additionally, it is anticipated that there will be 1) an overall reduction in the average cost per bed day by nearly 40% across the services above, from an estimated \$519 per bed day to about \$330 per day, 2) a reduction in utilization of acute inpatient services by approximately 40%, and 3) alleviated pressure of administrative days. Administrative days occur when a client is no longer in need of acute hospital care and is unable to step down to a lower level of care due to a lack of available placement to meet their individual needs.

Further building on the OCP model, on September 12, 2023 (23), the Board directed staff to assess the capacity of board and care and subacute beds that serve Medi-Cal eligible adults with behavioral health conditions in San Diego County by Supervisorial district. The Board also directed staff to report back with estimates on the capacity needed to adequately support individuals within the region and strategies to enhance capacity. Today’s action provides an update on this direction.

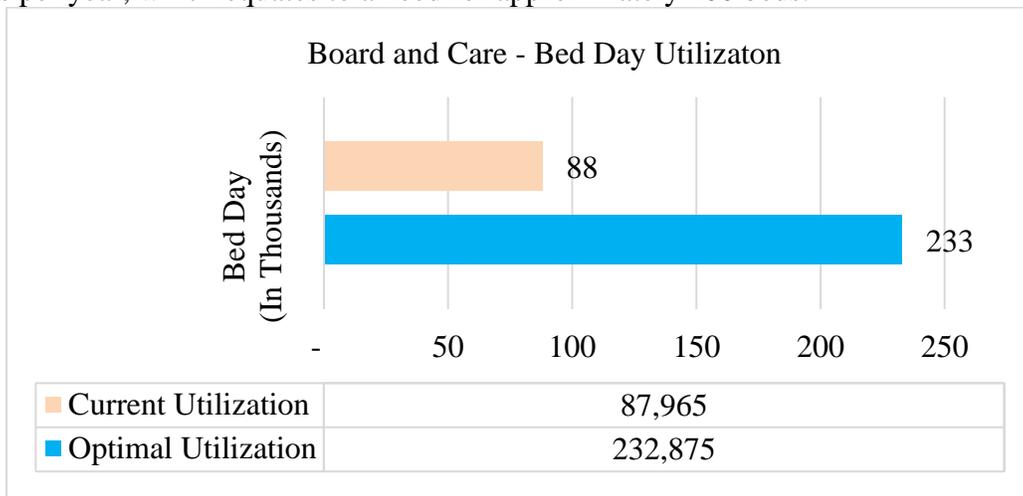
I. Assessment of Board and Care and Subacute Bed Capacity for Medi-Cal Eligible Adults with Behavioral Health Conditions

OCP capacity recommendations were developed based on the needs of individuals who are Medi-Cal eligible and served within the public behavioral health system. Recently, State of California policymaking has emphasized initiatives that hold county mental health plans accountable for broader sets of payors. The Community Assistance, Recovery and Empowerment (CARE) Act program and changes to involuntary detainment and treatment policy through Senate Bill (SB) 43, for example, have service targets that include not only individuals who are Medi-Cal eligible but also represent other payor categories. This may impact the OCP estimates.

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Board and Care

Licensed board and care facilities (board and cares), also referred to as ASPs, are inclusive of adult residential facilities (ARFs) and residential care facilities for the elderly (RCFEs). Board and cares are an essential service within community-based care providing 24-hour staffed residences that support individuals in need of care and supervision who are unable to live independently within other types of housing. ARFs and RCFEs are licensed by the California Department of Social Services and overseen by the State’s Community Care Licensing Division (CCLD). As outlined in the OCP model, there is an urgent need to grow utilization of board and cares by over 140,000 bed days per year, which equates to a need for approximately 400 beds.



Current barriers to care are the decreasing number of licensed care facilities and the even fewer that serve individuals with Supplemental Security Income (SSI) and have serious mental illness. These barriers often leave people with behavioral health conditions homeless, institutionalized, and/or on extended stays in acute care settings.

According to the CCLD data for San Diego County as of January 2024:

- A total of 1,208 licensed board and care providers provide 30,630 beds across San Diego County.
- Since 2019, 156 of the 833 licensed ARFs, or 19%, closed their doors, decreasing the number of beds by over 2,300. Additionally, 131 of the 712 unique RCFEs, or 18%, closed their doors reducing the number of beds by over 900.
- Across the existing board and cares in San Diego County, 116 (less than 10%) serve individuals with SSI, for a total of only 1,994 beds (or less than 7% of total).
- Of board and cares that serve individuals with SSI, eight of those facilities provide 255 total beds (about 13%) for individuals with serious mental illness, which is provided through a daily rate, or patch rate, that augments the SSI reimbursement rate.
- Of the 30,633 total licensed board and care beds across the county, less than one percent (255 beds) provide care for BHS clients.

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Below is a table of current licensed board and care facilities and beds, by HHS region:

Licensed Board and Care Facilities and Beds						
	Overall		Serving Individuals with SSI		Serving BHS Clients	
<i>HHS Region</i>	<i># ARFs/RCFEs</i>	<i># Beds</i>	<i># ARFs/RCFEs</i>	<i># Beds</i>	<i># ARFs/RCFEs</i>	<i># Beds</i>
North Coastal	181	6,675	26	210	0	0
North Inland	290	8,006	26	894	1	21
North Central	160	4,353	9	151	0	0
East	255	5,707	7	128	6	185
Central	160	2,300	20	328	1	49
South	162	3,589	28	283	0	0
Totals	1,208	30,630	116	1,994	8	255

BHS anticipates the need for about 380 additional board and care beds to reach optimal utilization, excluding the additional capacity needed for individuals participating in the CARE Act program.

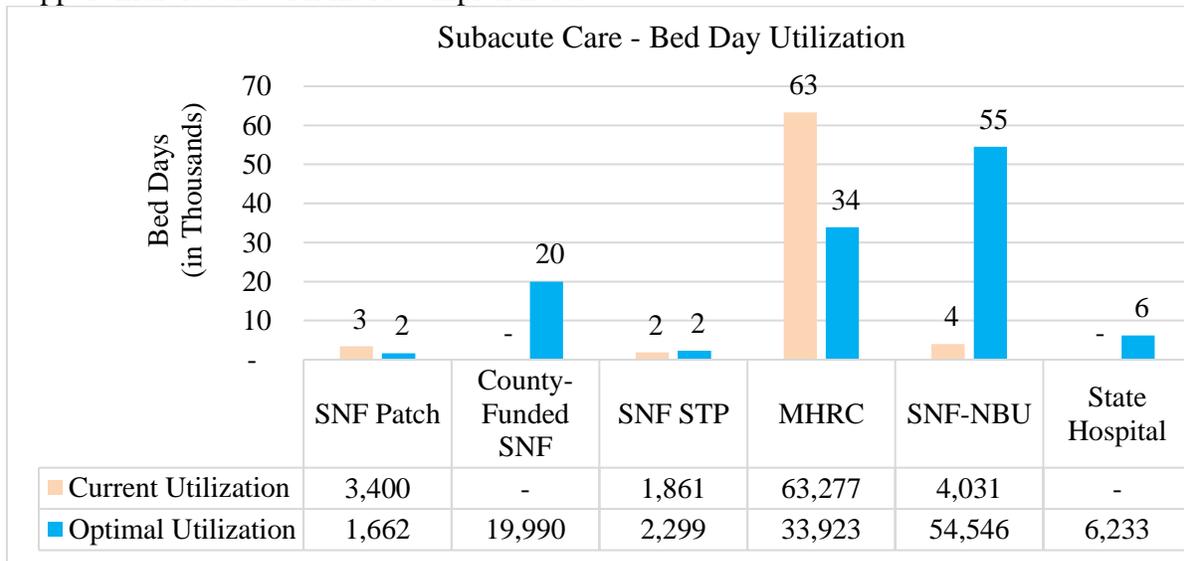
Subacute Care Capacity

Subacute care is provided to individuals who are stepping down from acute psychiatric care or for individuals whose acuity may have intensified and need a higher level of care. Services are provided on a 24/7 basis in a secured setting to adults who need intensive rehabilitative services and supports, and may include room and board, health monitoring, medication therapy, individual, group and/or family therapy, case management, and discharge planning. Services offered provide structured daily programming to assist clients in improving functioning so they can return to live in the community.

Subacute care includes a variety of licensed and certified health care settings that provide care for cohorts of clients with clinical needs that cannot be met in a community-based setting, but do not require acute care services. Subacute care includes skilled nursing facility (SNF) patches, County-funded SNFs, Department of State Hospital beds, SNF-specialized treatment program (STP) beds, Mental Health Rehabilitation Centers (MHRCs), and SNF neuro-behavioral unit (NBU) beds. MHRCs are licensed by Department of Health Care Services (DHCS) to provide specialty mental health and rehabilitation services that prepare clients for step-down to a community-based setting. SNFs are licensed by the California Department of Public Health and provide 24/7 skilled nursing care. SNFs may specialize care to address specific conditions, such as neurobehavioral needs, and may be certified by DHCS for an STP to address behavioral health needs. BHS clients placed in a SNF have a combination of physical and behavioral health needs, and payment is primarily the responsibility of Medi-Cal Managed Care Plans. BHS has contracted with SNFs, both directly and through BHS Administrative Services Organization (ASO), to provide payments via augmented rates to support additional behavioral health services for clients with serious mental illness who are in skilled nursing settings. Utilization is managed by BHS ASO.

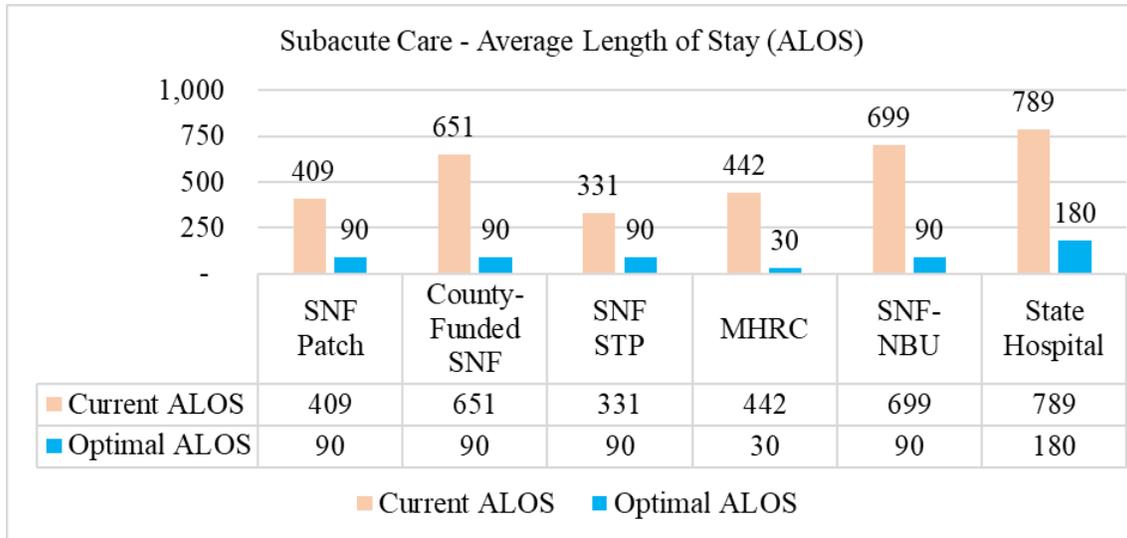
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The bottlenecks across the continuum have often resulted due to clients who present with unique and complex needs and do not have access to the right kind of subacute care. The OCP model recommends that the County establish specialized subacute capacity that meets the needs of individuals with especially complex conditions. Within subacute care, challenges continue in identifying appropriate clinical options for individuals who are incompetent to stand trial, forensic patients, and those waiting for State Hospital placement. As outlined in the OCP model, and represented in the chart below, there is a need to recalibrate the beds across specific subacute bed types, including reducing utilization of standard MHRCs and increasing capacity for utilization within more robust clinical settings, such as, SNF-NBU and/or SNF STP beds, to improve access to support individuals with more complex needs.



Additionally, the OCP model assumes more appropriate lengths of stay for people who are in subacute care as the subacute bed types are shifted and additional board and care capacity becomes available. As outlined in the chart below, the current average length of stay across the various subacute beds ranges from 330 to 789 days, due to clients not having appropriate step-down beds available. In an optimal system, the average length of stay shifts to 30-90 days as utilization of the appropriate types of subacute beds increases to allow clients to transition out. BHS will continue to shift the array of beds within subacute care to better align with the needs of clients who have complex needs.

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Subacute Care Capacity by HHS Region

As of January 2024, in San Diego County, there were six licensed subacute care providers providing 397 beds serving individuals with Medi-Cal, with an additional 20 beds at an out-of-county facility, for a total of 417 subacute beds. Subacute beds are utilized based on patient needs and though BHS contracts with multiple facilities for beds, the beds are not dedicated to the County.

Below is a table that outlines the total subacute facilities and beds by HHS Region:

Licensed Subacute Care Facilities and Beds				
	Overall		Serving BHS Clients	
<i>HHS Region</i>	<i># Subacute Facilities</i>	<i># Subacute Beds</i>	<i># Subacute Facilities</i>	<i># Subacute Beds</i>
North Coastal	-	-	-	-
North Inland	1	132	1	71
North Central	-	-	-	-
East	3	194	3	178
Central	1	109	1	108
South	1	40	1	40
County Total	6	475	6	397
Out of County	1	120	1	20
Total	7	595	7	417

II. Strategies to Enhance Community-Based Care and Subacute Service Capacity

Since bringing the OCP model to the Board in September 2022, BHS has taken several critical steps to implement the strategies outlined in 2022 to achieve a more optimal state. These steps include planning for key capital infrastructure projects and service enhancements to increase

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capacity within community-crisis diversion, community-based care, inclusive of board and cares, recuperative care, and establish additional subacute care, including:

- Developing the Behavioral Health Strategic Facilities Plan (SFP);
- Optimizing revenue and pursuing new funding opportunities;
- Establishing dedicated behavioral health capital infrastructure;
- Bolstering the behavioral health workforce;
- Continuing to engage with local organizations and stakeholders to determine need and develop capacity through innovative public-private partnerships; and
- Leaning into new opportunities resulting from large-scale policy changes, which are threaded throughout the strategies above.

Through the strategies, we anticipate being able to establish new board and care beds and reconfigure the array of subacute beds over the next several years, pending the availability of funding, progress on building capital infrastructure, and ability of behavioral health workforce, in alignment with utilization needs as outlined in the OCP model.

Behavioral Health Strategic Facilities Plan (SFP)

In Fiscal Year 2023-24, BHS commenced work, in partnership with the County Department of General Services (DGS) and a consultant, to develop a Behavioral Health SFP to support the planning and development of BHS capital infrastructure in alignment with the OCP model and other needs across the continuum of care. The SFP will provide a framework for long-term facility planning, serving as a capital infrastructure roadmap to support access to behavioral health care for individuals across the region. The SFP is anticipated to accelerate the implementation of the OCP model and will outline a vision and key principles, infrastructure needs and priorities, planning and development activities and timelines, funding and resources, and alignment of projects with other County and community infrastructure priorities to support BHS in establishing new capacity in alignment with the OCP model.

The SFP will serve as a tool to help optimize the portfolio of capital assets, support development of technical expertise required for developing behavioral health infrastructure, help respond more nimbly to meet the needs of the community, and strategically leverage funding and resourcing opportunities as they arise.

The SFP will also support the development and siting of new behavioral health facilities, which has been extremely challenging owing primarily to municipal zoning laws. In December 2023, the City of San Diego (City), citing data from the OCP model, passed a resolution declaring a behavioral health bed crisis within the City. The resolution directs City staff to advocate for funding and policy changes at the county, State, and federal levels, and explore zoning options to minimize barriers to site behavioral health facilities. More recently, the City began taking actions to amend the City code related to zoning; however, it is still unknown how these actions will impact permitting restrictions and expedite permitting processes to allow community-based providers to site and operationalize behavioral health facilities more efficiently.

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Optimizing Revenue and Pursuing New Funding

BHS continues to develop financial and service models that incorporate various service arrays to optimize funding to support financial sustainability and lower per capita cost, along with pursuing and implementing new funding opportunities. Since Board adoption of the OCP model in September 2022, BHS has been awarded over \$77 million in new one-time grant funding to build behavioral health capacity within the San Diego region.

Medi-Cal Transformation - Behavioral Health Payment Reform

Beginning in July 2023, BHS began implementation of Medi-Cal Transformation, formerly known as California Advancing and Innovating Medi-Cal (CalAIM), a state initiative designed to improve the quality of life and health outcomes of Californians through delivery system, program, and behavioral health payment reform across Medi-Cal services. One of the most impactful aspects of Medi-Cal Transformation will be behavioral health payment reform, which will transition all Medi-Cal service providers from a cost reimbursement model of payment to a fee for service structure that incentivizes outcomes and quality over volume and cost.

Payment reform is anticipated to simplify payment structures and burdensome administrative practices, while providing an opportunity to better sustain costs of behavioral health care and build network capacity and bolster the workforce. It is anticipated that by improving service utilization and increasing billing for Medi-Cal eligible services, BHS will be able to drawdown additional federal funding to reinvest into the continuum of care to support service enhancements, address potential funding gaps, and to support a sustainable workforce. BHS is currently implementing payment reform across approximately 200 County-operated and contracted programs that provide Medi-Cal eligible services through a phased approach that is expected to be executed early in FY 2024-25. It is anticipated there will be financial benefits resulting from payment reform implementation to support enhancements within board and care and subacute services.

Community-Based Care Services

On January 24, 2023 (9) 2023, BHS was awarded \$15.8 million in one-time Community Care Expansion (CCE) Preservation Funds. The CCE is comprised of \$6.7 million for operating subsidy payments to support existing licensed board and care facilities to avoid closure due to potential or projected operating deficits and \$9.1 million in capital project funds to make physical repairs to board and care facilities that serve individuals with behavioral health needs to ensure they are able to maintain compliance with licensing standards. A 10% local match, Realignment funds, equivalent to \$910,954 was also required. Development of an implementation plan is underway, which may result in funding allocations to existing and new board and care providers that meet criteria within grant requirements. The number of board and care beds that will be preserved will depend on the unique financial needs of the applicants.

On July 18, 2023 (15), the Board authorized BHS to accept \$44.3 million of Behavioral Health Bridge Housing (BHBH) Round 1 funds from the DHCS to support establishing new licensed

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board and care capacity to support individuals with behavioral health conditions. The BHBH program addresses the immediate need for housing people with serious behavioral health conditions that are experiencing homelessness, including individuals with a CARE plan. The one-time BHBH grant funds must be spent by June 30, 2027. Funding will be allocated to community-based board and care providers that serve behavioral health clients that are Medi-Cal eligible. The funding is anticipated to establish 150-185 new board and care patch slots, further establishing the capacity necessary to operationalize the OCP model. Development of an implementation plan is underway, and BHS anticipates bringing online 100-150 board and care beds for people with behavioral health conditions in FY 2024-25. BHS will also pursue additional future rounds of BHBH funding as they become available.

The California Department of Social Services (CDSS) CCE Capital Infrastructure Program provides grant funding for acquisition, construction, and rehabilitation of licensed residential care settings that serve people with behavioral health conditions. BHS submitted applications for the initial round of the CCE Capital Expansion grant for two capital projects, including the Central Region Community-Based Care (CBC) facility, and the East Region CBC facility, each of which would add nearly 150 board and care and recuperative care beds dedicated for individuals with behavioral health conditions. In November 2023, BHS was informed that the department was not awarded this grant funding through the initial application process and that in this round, CDSS received 374 applications totaling \$3.8 billion in funding for CCE Capital Expansion grant funding. Through further consultation with the State's grant administrator, BHS will pursue CCE State Set Aside grant funding to support the development and construction of the Central Region CBC. The department will bring forward updates to the Board at a future date.

In addition to the grant funding awarded to the department, BHS is developing a service acuity-based rate strategy that will support recruitment and retention of existing board and care providers, and establish tiered rates tied to the level of services and support being provided to clients. The tiered rate strategy and phased-approach for implementation is anticipated to sustain existing capacity, enhance quality, expand access and oversight, and improve care-matching. The patch rates for board and cares will range from low-intensity care, supervision, social and rehabilitation supports, and service coordination up to high-intensity care for individuals with more complex needs that include coordination with professionally supervised staff. A tiered rate structure will incentivize board and care providers to serve clients with higher acuity needs who have been historically difficult to place due to complex needs.

Today's action requests the Board to authorize amendments to extend existing board and care contracts, known also as ASPs, for one year through June 30, 2025 to ensure continuity of the existing licensed board and care beds, and in alignment with potential new funding opportunities that will support improved service delivery. On June 19, 2018 (9), the Board authorized competitive solicitations for board and cares, or ASPs, that support individuals with behavioral health conditions. The five contracts will expire by the end of FY 2023-24 and require an amendment to extend services to ensure continuity of critical behavioral health housing and

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support. As authorized by the Board on January 26, 2021 (11), new board and care contracts will be awarded through a Request for Statement of Qualifications process.

Behavioral Health Capital Infrastructure

BHS continues to partner with DGS to develop and construct critical facilities that will provide essential services to individuals with behavioral health conditions who are Medi-Cal eligible.

Community-Based Care

Within the CBC component, efforts continue to develop and construct the Central Region CBC facility, which will be sited on a County-owned parcel of land in the Hillcrest neighborhood within San Diego County. The facility is anticipated to include over 100 units, potentially establishing up to 140 beds, inclusive of licensed board and care and recuperative care beds, dedicated to serving individuals with behavioral health needs. This facility would open new care pathways and remove barriers to care for individuals who need to step down from more acute care by providing safe and supportive housing and care. In partnership with DGS, planning is underway to develop the Central Region CBC facility and includes collaboration with pre-design and real estate consultants. A request for information (RFI) was issued in March of 2023 for provider to design, build, and operate this type of facility.

Subacute Care

Planning is underway to redesign and reconfigure services operating at the San Diego County Psychiatric Hospital (SDCPH) to better meet the needs of the clients being served. Though still under development and subject to approval by the State, the new array of services will likely include subacute care in the more immediate term and potentially evolve to serve clients with complex conditions, in the future. Currently, the SDCPH is staffed to provide care for 60 acute inpatient beds and 18 crisis stabilization unit beds. Due to the lack of available subacute bed capacity for patients to step down into, many patients end up with long stays at SDCPH.

BHS is exploring a reconfiguration of services within the SDCPH that would, in near time, shift the SDCPH from providing only psychiatric acute inpatient care and crisis stabilization services, to a model that includes a small inpatient unit and a crisis stabilization unit, with the remaining capacity shifting to subacute services to align with the level of care needed by a majority of clients receiving services in the SDCPH. It is also anticipated to reduce the cost per bed within the SDCPH shifting from psychiatric acute inpatient with a cost per bed day of about \$2,800, which does not drawdown any Medi-Cal funding due to the Institutions for Mental Disease exclusion, to roughly \$500 - \$800 per bed day for subacute care, depending on patient acuity. This strategy is anticipated to both result in better care for clients and a more optimal financial model that supports long-term sustainability.

Bolstering the Behavioral Health Workforce

Ongoing challenges remain in recruiting and retaining qualified staff within County-operated and contracted behavioral health programs, which will remain a challenge as BHS continues to add

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capacity as outlined in the OCP model. This includes licensed clinical staff and non-clinical staff that provide direct client care and support, along with an array of staff that comprise the essential infrastructure of the department to support its role as a mental health plan.

On May 2, 2023 (5), the Board approved the Mental Health Services Act (MHSA) Innovation Public Behavioral Health Workforce Development and Retention Program to strengthen the behavioral health workforce. Two components of the proposal will be implemented, including an Outcomes-Based Renewable Training and Tuition Fund component and Upskilling to Meet Professional Needs component. Both components are anticipated to help recruit and retain the workforce to support growth in services as outlined in the OCP model. The Workforce Development and Retention program also aligns with recommendations outlined in the 2022 *San Diego Behavioral Health Workforce Report (Workforce Report)*. The program is anticipated to launch in FY 2024-25.

On February 27, 2024 (11), the Board took action to allocate \$10.0 million of the Evergreen component of the County's American Rescue Plan Act (ARPA) Framework to support the expansion of the behavioral health workforce, which will further complement and amplify public behavioral health workforce development efforts.

BHS has also been providing quarterly updates on addressing the behavioral health workforce shortage in San Diego County, as directed by the Board on October 11, 2022 (10). The quarterly reports have provided updates on recommendations to support the development and preservation of the local behavioral health workforce, as outlined within the 2022 *Workforce Report*, including:

- Investing in competitive compensation;
- Pursuing administrative relief opportunities;
- Establishing Regional Training Centers of Excellence;
- Building a regional workforce training fund; and
- Continuing to listen to workers.

Today's recommendation will sunset the time-certain workforce reporting to coincide with significant developments. BHS has completed all actions set forth by the Board and provides three updates on progress to date.

Community Engagement

BHS has continued engagement with local organizations, providers of care, and stakeholders, including hospitals, board and care operators, developers, and other community-based providers to develop new capacity through innovative public-private partnerships. Through ongoing engagement, BHS continues to receive consistent feedback that the lack of subacute beds and board and care capacity remains a critical need to step individuals out of higher levels of care. In April 2022, County Department of Purchasing and Contracting (DPC) initiated an RFI to seek input from all interested parties, agencies, and stakeholders regarding grant funding opportunities available through the CCE Capital Expansion Program. The RFI was intended to engage subacute

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care providers, licensed residential facility operators and administrators, and community stakeholders in informing the County strategy to apply for CCE Capital Expansion funds and potentially partner to pursue grant funding. Five providers submitted responses to help inform the County strategy for pursuing CCE Capital Expansion grant.

Building on the first RFI, in March 2023, BHS initiated a second RFI to gauge the interest of providers and developers in potentially partnering to develop, construct, and operate a community-based care facility, inclusive of the Central Region CBC facility, dedicated for individuals with behavioral health conditions within the future. DPC conducted outreach to experienced providers and developers, and six organizations submitted questionnaires. Based on the information gathered, the next steps will be to engage a consultant to help develop a specific scope of anticipated services and admissions criteria to inform the facility design and most optimal array of care in alignment with best practices. Additionally, this work is anticipated to inform the most ideal arrangement for development, construction, and operation of the new Central Region CBC facility through a public-private partnership. Staff will bring forward any recommendations resulting from this effort to the Board for approval.

In Spring 2023, BHS solicited input from facility administrators and operators to identify the needs of residents living within these facilities and gain a better understanding of the operational capacity necessary to operate a board and care facility. The goals were to identify the mental health needs of individuals living within these settings, explore opportunities for capacity building and workforce development, and identify funding opportunities for licensed board and care providers to sustain services and infrastructure. Participants also shared their most pressing concerns related to behavioral health among the residents at their facilities. Some key needs and areas of concern identified by the licensed board and care providers who offered input were as follows:

- Residents of board and cares often have significant behavioral health needs; however, staff providing support to them have limited training in mental health care.
- Ongoing challenges remain in recruiting and retaining qualified staff at competitive salaries.
- Sustaining operations and remaining financially viable remains an ongoing challenge due to the increased costs of doing business.
- Increased communication and support in applying for new funding and grant opportunities, particularly for smaller facilities, is crucial to support long-term financial health.

These concerns and recommendations will help inform strategies as BHS pursues new board and care capacity in San Diego County.

Large-Scale Policy Changes

BHS is planning for or implementing large-scale policy changes that will have significant impacts to services and operations, along with sizable financial implications, as follows:

Senate Bill 43

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In October 2023, the Governor signed SB 43, a new State mandated program that expands California conservatorship laws to include people who are unable to provide for their personal safety or necessary medical care, in addition to food, clothing, or shelter, due to a severe substance use condition. On December 5, 2023 (6), the Board approved a resolution to implement SB 43 effective January 1, 2025. Planning is underway for Involuntary Behavioral Health Treatment (implementing SB 43) including a community convening that occurred on January 17, 2024, kicking off collaboration with local hospitals, community providers, community partners, and other stakeholders, with anticipated community engagement sessions in the future. Involuntary behavioral health treatment will likely result in a need for additional beds and services across the system within community-based care and subacute care, which is yet to be determined. More information and recommendations will be provided to the Board today for consideration through another recommended Board action, and on an ongoing basis based on recommendations identified during future planning sessions.

Proposition 1: Behavioral Health Services Program and Bond Measure

On October 12, 2023, Governor Gavin Newsom signed Senate Bill (SB) 326, the Behavioral Health Services Act (BHSA), which proposes a set of reforms to the Mental Health Services Act (MHSA), including modernization and a shift in the scope of services funded. The BHSA went to California voters on March 5, 2024 as Proposition 1, and the election results will be certified by April 12, 2024. The BHSA makes substantive changes within behavioral health services, accountability, outcome reporting, and funding availability, including a new requirement for counties to report on all funding sources supporting behavioral health care. Most of the shifts associated with BHSA will be implemented beginning July 1, 2026. The BHSA prioritizes care for individuals experiencing homelessness and chronic homelessness, full-service partnership services, and early intervention services, along with adding flexibility to support programming for individuals with substance use disorders. Board and cares utilized by behavioral health clients are funded solely through MHSA; therefore, the implementation of BHSA may impact those services due to shifts in available funding, as outlined in Proposition 1.

Also included as part of Proposition 1 is Assembly Bill (AB) 531, which was signed by the Governor on October 12, 2023. AB 531 is an infrastructure bond that will authorize the issuance of bonds totaling \$6.38 billion to finance loans or grants for the acquisition of capital assets for the conversion, rehabilitation, or new construction of permanent supportive housing for veterans and others who are homeless and meet specified criteria. The bond funding will be used to construct, acquire, and rehabilitate 11,150 new treatment beds and supportive housing units, as well as 26,700 treatment slots to help serve thousands of people annually, as follows:

- \$4.4 billion for the development of new behavioral health treatment beds for community-based clinical care, with \$1.5 billion of those funds dedicated for cities, counties, and tribal entities to apply for.
- \$2.0 billion for permanent supportive housing units in the form of affordable housing with supports, inclusive of \$1.07 billion to house veterans.

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If Proposition 1 is approved by voters, BHS will pursue these new funding opportunities for essential infrastructure projects, including board and care and subacute care facilities, in support of the OCP model.

Senate Bill 525: Minimum Wages for Health Care Workers

In support of workforce, the Governor signed SB 525 on October 13, 2023, establishing new minimum wages for health care workers beginning June 1, 2024, including employees working in skilled nursing facilities, acute care hospitals, board and care facilities, and other behavioral health settings. SB 525 is anticipated to impact the delivery of services across the public behavioral health system, which has been traditionally underfunded. In the Governor's proposed FY 2024-25 State budget proposal released on January 10, 2024, the Governor outlined triggers to delay SB 525 implementation due to the State's budget deficit. SB 525 will likely positively impact the ability for board and care and subacute care facilities to recruit and retain workforce. However, in a behavioral health system that has been historically underfunded, increased costs for staffing may result in inability of existing facility operators to remain financially viable due to new costs and thereby result in facility closures unless the State provides new funding. It is unclear at this time what the long-term results of SB 525 will mean for the system of care, but if a delay is implemented by the State, the avoidance of increasing operational costs to facilities provides some near-term stability.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support the County of San Diego's 2024-2029 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.

Respectfully submitted,



SARAH E. AGHASSI
Interim Chief Administrative Officer

ATTACHMENT(S)

N/A