



**DEPARTMENT OF MENTAL HEALTH**  
hope. recovery. wellbeing.

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May 12, 2020

APPROVED BY THE CEO

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

MAY 12 2020

BY DELEGATED AUTHORITY

Dear Supervisors:

**APPROVAL TO EXTEND THE TERM OF TWO EXISTING SOLE SOURCE  
LEGAL ENTITY CONTRACTS FOR THE CONTINUED PROVISION OF MENTAL  
HEALTH SERVICES PROVIDED AT INSTITUTIONS FOR MENTAL DISEASES  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

Request approval to extend sole source Legal Entity Contracts with Crestwood Behavioral Health, Inc., and Sylmar Health and Rehabilitation Center, Inc., for the continued provision of mental health services provided at Institutions for Mental Diseases.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Approve and authorize the Director of Mental Health (Director), or his designee, to prepare, sign, and execute an amendment to extend the term of existing Department of Mental Health (DMH) sole source Legal Entity (LE) Contracts (Contracts) with Crestwood Behavioral Health, Inc. (Crestwood), and Sylmar Health and Rehabilitation Center, Inc. (Sylmar). The six (6) month term of the extension will be effective July 1, 2020, through December 31, 2020, with an option to extend the term of the Contracts for an additional six months. Crestwood's & Sylmar's LE Contracts have no Maximum Contract Amounts. These LE Contracts will be reimbursed in accordance to the daily bed rates and on an as-needed basis, fully funded by 2011 Realignment Revenue.
2. Delegate authority to the Director, or his designee, to prepare, sign, and execute future amendments to the Contracts in Recommendation 1 to: revise the daily rate

including the Cost of Living Adjustment (COLA), if applicable and funds are available; add and/or revise the negotiated rates, add, delete, modify or replace Service Exhibits and/or Statements of Work; and/or reflect federal, State, and County regulatory and/or policy changes; provided that: 1) any revision to the daily rate and Special Treatment Program (STP) supplement for Skilled Nursing Facilities (SNF) does not exceed the rates established by the State; 2) sufficient funds are available; and 3) the amendments are subject to prior review and approval as to form by County Counsel, with a written notification to the Board and Chief Executive Officer (CEO).

3. Delegate authority to the Director, or his designee, to terminate the Contracts described in Recommendation 1 in accordance with the termination provisions, including Termination for Convenience. The Director, or his designee, will notify the Board and CEO, in writing, of such termination action.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Board approval of Recommendation 1 will enable DMH to extend the term of the existing sole source Contracts with Crestwood and Sylmar to ensure uninterrupted mental health services provided at Institutions for Mental Disease (IMD), beginning July 1, 2020, through December 31, 2020, with an option to extend the term of the Contracts for an additional six months.

Board approval of Recommendation 2 will allow DMH to amend the contracts in Recommendation 1, expeditiously, without interruption to services.

Board approval of Recommendation 3 will allow DMH to terminate the Contracts in Recommendation 1, in accordance with the contract's termination provisions, including Termination for Convenience, in a timely manner, as necessary.

#### **Implementation of Strategic Plan Goals**

The recommended actions are consistent with the County's Strategic Plan Goal I, Make Investments that Transform Lives, specifically Strategy I.1 – Increase Our Focus on Prevention Initiatives, and Strategy I.2 – Enhance Our Delivery of Comprehensive Interventions.

### **FISCAL IMPACT/FINANCING**

For Fiscal Year (FY) 2020-21, the estimated cost of the extension for the Contracts in Recommendation 1 is \$6.4 million, fully funded by 2011 Realignment revenue and is included in DMH's FY 2020-21 Recommended Budget.

Funding for future fiscal years will be requested through DMH's annual budget request process.

There is no net County cost impact associated with the recommended actions.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On February 20, 2018, your Board authorized DMH to execute sole source Contracts with Crestwood and Sylmar for the provision of mental health services provided at IMDs. As the sole source Contracts with Crestwood and Sylmar are set to expire on June 30, 2020, Board approval of the extension will ensure that uninterrupted mental health services are provided for individuals with serious mental health illnesses that are currently receiving services at these facilities.

Crestwood is reimbursed at the daily bed rate established by DMH. Crestwood's Mental Health Resource Center (MHRC) business headquarters is located at 520 Capitol Mall, Suite 800, Sacramento, CA 95814. Crestwood's mental health services are provided at out-of-County IMDs at the following locations: Bakersfield, Chula Vista, Fallbrook, and San Diego IMDs.

Sylmar is a licensed SNF and certified STP, reimbursed by DMH according to the daily bed rate established by the State Department of Health Care Services. Sylmar's business headquarters is located at 13347 Ventura Boulevard, Sherman Oaks, CA 91423.

The amendment format has been approved as to form by County Counsel.

As mandated by your Board, the performance of all contractors is evaluated by DMH on an annual basis to ensure the contractor's compliance with all contract terms and performance standards.

### **CONTRACTING PROCESS**

As a long-term response to the County's shortage of mental health hospital beds, DMH is in the process of developing and releasing a Request for Statement of Qualifications (RFSQ) solicitation to establish a pool of qualified and licensed subacute locked facility

providers to be used on an as-needed basis. However, due to the public health emergency caused by Novel Coronavirus (COVID-19), DMH is unable to complete its RFSQ solicitation process in a timely manner. Crestwood and Sylmar have the capacity and experience taking both complex and difficult forensic clients that require subacute IMD level of care. The extension to DMH's existing sole source Contracts with Crestwood and Sylmar is necessary in order to provide continuous IMD mental health services to individuals with serious mental health illnesses that are currently receiving services at these facilities until such time that DMH is able to complete the RFSQ process and develop a Master Agreement.

DMH plans to return to your Board to request approval to award the pool of qualified and licensed subacute locked facility providers to be used on an as-needed basis upon the completion of the RFSQ solicitation process.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Board approval of the recommended actions will ensure that uninterrupted mental health services are provided for individuals with serious mental health illnesses requiring subacute IMD level of care.

Respectfully submitted,



Jonathan E. Sherin, M.D., Ph.D.  
Director

JES:ES:SK:sc

- c: Executive Officer, Board of Supervisors
- Chief Executive Office
- County Counsel
- Chairperson, Mental Health Commission