



Board of Supervisors Memorandum

September 15, 2015

Court Ordered Evaluation Services

Introduction

Pursuant to Arizona Revised Statutes, Title 36, Chapter 5, Pima County is responsible for the management and provision of Court Order Evaluation (COE). For the past five years, COE services have been delivered via contract with a local vendor, the Regional Behavioral Health Authority (RBHA), Community Partnership of Southern Arizona (CPSA). As the County began to select a vendor for a new five-year period, the State selected a new operator to serve as the RBHA for Pima County. In light of the various changes to the behavioral health system beyond the control of Pima County and because of the experience the County had in managing the system prior to 2010, I directed staff to take the necessary steps to return the operations of COE services to Pima County effective October 1, 2015. The contracts that will be before the Board of Supervisors on September 15, 2015 between Pima County and Banner Health, Palo Verde Behavioral Health and Sonora Behavioral Health are to provide hospital-based psychiatric services.

Background

Pima County is mandated by the State of Arizona to pay for pre-petition and COE services. COE is the period of time following the determination by the court that an individual needs to be committed involuntarily for mental health evaluation. During that period of time, the individual must be assessed by two separate physicians to determine if criteria are met for continuation in the COE process. For many years, Pima County paid claims and had direct oversight of the process. The program cost approximately \$12 million per year and covered every day a person was in the hospital, from the day of admission to the day of hearing. The average length of stay was approximately 11 days.

Five years ago, Pima County reinterpreted the statutes to mean that the County is only responsible for the COE period (the 72 hours doctors have to complete two evaluations and submit recommendations to the court although this period can be extend up to five days for weekends and holidays). This decision reduced the overall cost to the County to about \$5 million annually. The RBHA at that time, CPSA, was responsible for the additional days other than the first 72-hour period for their members. For that reason it was determined Pima County would contract with CPSA for the management of the evaluation period. Pima County entered into a five-year contract, which was to end June 30, 2015. As the contract drew to an end, the State of Arizona selected a new operator, Cenpatico, to serve as the RBHA in Pima County. Pima County had not had an opportunity to work with Cenpatico or to understand their business models or practices but had experience managing COE services prior to 2010. For these reasons, it was determined

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the best way to ensure the provision of services to the people of Pima County for at least a period of transition to the new RBHA is to provide for the County management, payment and utilization functions of COE. In April of this year, staff was directed to take the various steps necessary to return management of COE to Pima County. A copy of the approved Memorandum is provided as Attachment A. The contract with CPSA was extended until September 30, 2015 to allow for a smooth transition of operations. The Board of Supervisors is being asked to approve contracts with three providers that will, with their respective physician groups, serve as the evaluating agencies to provide mandated mental health evaluation services.

Each of the contracts is for a period of one year, with an option to renew for up to four one-year periods.

Recommendation

I recommend the Board of Supervisors approve the three contracts with Banner Health, Palo Verde Behavioral Health and Sonora Behavioral Health to provide Court Ordered Evaluation Services.

Respectfully submitted,


C.H. Huckelberry
County Administrator

CHH/cbc - September 10, 2015

Attachment

c: Jan Lesher, Deputy County Administrator for Community and Health Services
 Danna Whiting, Behavioral Health Administrator

Attachment A



MEMORANDUM

Date: April 24, 2015

To: C.H. Huckelberry
County Administrator

From: Danna Whiting, M.S. *Danna Whiting*
Behavioral Health Administrator

Via: Jan Lesser *J Lesser*
Deputy County Administrator for
Medical and Health Services

Re: **Court Ordered Evaluation (COE) Proposed Budget**

This memorandum is intended to outline a scope of work for bringing the existing Court Ordered Evaluation (COE) Services currently being delivered via a contract with a local vendor, Community Partnership of Southern Arizona (CPSA), in-house for Pima County oversight. A Request for Proposal (RFP) was released in December, 2014 in an attempt to select a vendor to continue this work. After careful consideration of the ability of bidders to provide the necessary resources, given the immense change to the system with the new Regional Behavioral Health Authority (RBHA) award by the State, we determined that canceling the RFP and assuming these responsibilities for at least the near future would be a prudent course. This memorandum will outline what Pima County will need to do to oversee this contract and the anticipated financial expenditures anticipated with making such a change, including cost savings to Pima County for assuming these responsibilities.

COE is defined as the period of time following the determination an individual needs to be committed involuntarily for mental health evaluation, is under an application for emergency admission or is ordered by the court for evaluation. During this time period the individual must be assessed by two separate physicians to determine if criteria are met for continuation in the COE process. Pima County is responsible for managing, providing and paying for court ordered evaluations, per Arizona Revised Statutes, Title 36, Chapter 5. Additionally, Pima County pays for the inpatient days and transportation associated with the COE period. Beyond the COE period, and for those who do not have insurance and are ineligible for Medicaid, Medicare or other insurance, the County has historically paid up to four Post Evaluation Period (PEP) days, at a much reduced rate from regular COE inpatient days.

To accomplish the goal of bringing this contract in-house, Pima County will need to add staff to manage the billing and utilization review functions of this program. The cost of this is not a new expense, but the same funding we would pay through the contract. The other oversight and administrative support required can easily be managed by existing staff and absorbed by existing budgets. Contracts with evaluating hospitals and their associated physician groups will need to be

created to begin on October 1, 2015. We anticipate the costs associated with this function can be handled by existing contract management staff within Behavioral Health.

There is a need for four new positions to manage the day to day responsibilities of COE. There are two positions that would be responsible for utilization management to ensure that prior authorization, as well as continued authorization, meets all criteria and contract expectations between hospitals and the County. These two positions will consist of a Registered Nurse (RN), Classification of 7150, Program Manager, unclassified, with a starting salary of \$70,000 up to \$75,000 plus benefits. This position requires a higher level of specialty including medical, psychiatry and utilization review.

The second position will also be responsible for utilization management functions, but at a lower level of responsibility and will report to the RN. This position does not require the same level of licensure and will not require as high a salary. The classification for this position is 7120, Program Coordinator, unclassified. In order to be competitive, the salary range should be \$48,000 to \$53,000 plus benefits depending on education and experience.

The other two positions will be responsible for claims processing, adjudication, payment and denials. The first position should be a 7120, Program Coordinator, unclassified, with a salary of \$41,000 to \$45,000 depending on experience and education. This position will largely be responsible for claims review and data entry, notification of claims approvals and denials, coordination of benefits review, and overall claims adjudication.

The fourth position will also work with claims processing, but in more of an oversight role to troubleshoot data trends that may affect overall costs of COE. This position will also be responsible for training of hospital staff and other contractors on how to properly divert people from COE when they don't meet criteria, analysis of the overall claims payment system and tracking and trending data for use by County staff to ensure contract compliance as well as overall management of the COE process. Currently, our contractor provides approximately 10 detailed reports per month which we will continue to need. This position will be required to create and maintain these reports. This position should also be a 7120, Program Coordinator, unclassified, with a salary range of \$50,000 to \$56,000 plus benefits.

In addition to these four new positions, there will also need to be a psychiatrist on contract for intermittent consultation for claims denied for clinical reasons, for doctor to doctor staffings that may need to occur and the oversight of the medical side of claims management. We anticipate this cost to be \$350 per hour with an average of 12-15 hours per month needed to fulfill the needs of a Medical Director.

We also anticipate IT expenses related to start-up. The two utilization management staff will need laptops and associated hardware and software so they can complete their documentation electronically. The other two staff will need desktop computers, printers and associated hardware and software to support their work. The cost of this equipment is estimated to be \$12,000, depending on the resolution of the IT lease package implementation.

The software associated with this contract, as it was managed by the County a few years ago under the Department of Institutional Health is now under the Health Department. Transition of this software and related hardware may create some costs that Behavioral Health will need to pay to the Health Department for staff time and other associated costs to attend to keeping the database and program operational to handle claims processing. The anticipated cost for this should not exceed \$25,000 which represents .3 FTE.

Other expenses include contracting out the call center coordination function that CPSA previously provided through the call center at the CRC. This service includes triage and coordination of incoming petitions and other COE related calls from law enforcement to direct first responders to available beds in the community as well as to help hospitals look at referrals and make decisions about patient acceptance prior to first responders transporting the patients. This cost was billed to us at \$358,635.00 per year, but we believe that we can likely negotiate that rate down with a new vendor. For the purposes of budget, we include the full cost of this function as part of the overall budget to manage COE.

Another expense for Pima County will be transportation costs which we previously paid through the CPSA contract. These costs total \$272,690 per year based on previous utilization. This cost is necessary because we don't contract with all hospitals in Pima County for COE and the statutes provide that a person can be taken to any emergency room for evaluation. Therefore, when a person presents at a hospital that is not an evaluation agency, the transportation costs for moving them to our contracted providers is incurred by Pima County.

The remaining costs for this program are for the hospital inpatient days incurred during the COE period, associated physician evaluations and mitigation pool for Post Evaluation Period (PEP) days. PEP days are incurred when a patient has no other payer and Pima County pays up to four additional days at a much reduced rate after COE is completed while the person is waiting for their hearing. We do this to offset uncompensated care losses that hospitals incur in order to keep them interested in providing COE services. The costs associated with PEP days are about \$301,000.00 per year. Inpatient days for all hospitals including physician evaluations are currently \$3,095,570.00 per year.

C.H. Huckelberry, County Administrator
Jan Lesher, Deputy County Administrator, Medical and Health Services
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The total yearly expenses for this contract to be managed by Pima County breaks down as follows:

<i>Total staff costs</i>	\$286,350 - \$314,400
<i>IT costs</i>	\$12,000
<i>Database/Software maintenance</i>	\$25,000
<i>Call Center Coordination</i>	\$358,635
<i>Transportation</i>	\$272,690
<i>Post Evaluation Period</i>	\$301,000
<i>Inpatient Days/Physician Evaluations</i>	<u>\$3,095,570</u>
<i>Total expenses</i>	\$4,351,245 - \$4,379,295

Given the above numbers, we anticipate Pima County will save approximately \$543,000 to \$571,000 per year over the current costs of paying CPSA for these services. The overall budget for this contract is currently \$4,922,345 per year. This includes 11.5% for the combined costs of overhead/administration of the contract and an allowable profit for the vendor. While we anticipate the need for overhead costs associated with managing this process, Pima County will not have to pay profit and the overhead we have historically paid can be significantly reduced for more savings. Again, all costs outlined above are not new costs, as we currently pay these expenses to our vendor.

In summary, the above outlines the scope and budget of the program. With your approval, we will notify bidders that the RFP is canceled and we will immediately begin the process to hire for these new positions, order necessary equipment and supplies, develop contracts with evaluating hospitals, as well as get internal processes started and completed by the October 1, 2015 start date.

Thank you for your consideration. We look forward to your reply.


Approved

C. Huckelberry
County Administrator

Not Approved

4/27/15
Date