



CASA PACIFICA

CENTERS FOR CHILDREN & FAMILIES

Providing Hope & Help

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1722 S. Lewis Road
Camarillo, CA 93012
Phone (805) 445-7800
Fax (805) 987-7237
www.casapacifica.org

March 17, 2020

Sevet E. Johnson, Ph.D., Director
Ventura County Behavioral Health Department
1911 Williams Drive
Oxnard, CA 93036

RE: Casa Pacifica & COVID-19 Pandemic

Dear Dr. Johnson,

As you are aware, the COVID-19 public health emergency is disrupting delivery of mental health services for children and youth throughout the County, including all our programs. These disruptions are due to client cancellations, client refusal or inability to participate in telehealth, staff illness, referral reductions, and most recently, school closures requiring some staff to remain home to care for their children. The reduced productivity at the very time of year we normally expect to "catch up" on clients served and Units of Service (UOS) produced may greatly impact our cash flow and threaten the fiscal viability of our programs. More importantly, it is difficult to potentially mitigate this financial impact due to significant unknowns regarding the length and depth of this pandemic.

In order to meet this unprecedented challenge, we are asking VCBH for contract flexibility. We are confident that if we work together, we can mitigate the impact of these disruptions and assure the sustainability of the behavioral health system in Ventura County through its vibrant network of nonprofit partners that undergird the local children's system of care.

Consequently, we propose the following service delivery and contract flexibility. With this flexibility, VCBH will continue to be able to maximize Federal Financial Participation (FFP), a critical consideration in confronting this challenge.

Fund actual costs. During the COVID-19 emergency when units of service are likely to be depressed for reasons stated above, allow us to invoice for actual costs incurred rather than the current reimbursement approach of funding only UOS delivered. We request that monthly payment be based on 1/12th of our total contracts up to and including a "catch-up" of year-to-date actual costs. San Francisco County issued such a policy on March 11, 2020 (attached). It instructed providers to



SATELLITE OFFICES

975 Flynn Road • Camarillo, CA 93012
115 S. La Cumbre Lane, Suite 200 • Santa Barbara, CA 93105
2615 S. Miller Street, Suite 106 • Santa Maria, CA 93455

invoice services for monthly actual costs while being “prepared to offer documentation of specific services that were expected but unable to be delivered.” Note that billing based on actual cost of services follows federal requirements for drawing down FFP, which is the most important consideration for all counties in managing Medicaid funds. This is even more critical for our smaller contracts (e.g., Parent Child Interactive Therapy program) since given the minimal staff size for this program, it is very difficult if not impossible to rapidly react to monthly changes in census as well as our ability to survive this crisis with our capability intact.

Remove caps on all contract rates. Anticipating lower than expected service delivery and allowing us to bill at higher than contracted unit rates would also enable us to cover our actual costs. This change would not violate any federal Medicaid requirements related to billable services and would allow VCBH to continue to maximize FFP. The removal of rate caps would be used to address service unit shortfalls while staying within contract allocations.

Parenthetically, please note that VCBH’s current use of a relative value methodology for the purpose of distributing costs among service functions codes within individual programs results in elevating some rates above the caps which has the effect of overriding medical necessity and individual mental health plans. Using this approach is appropriate at the legal entity level but has a deleterious impact at the individual program level and is questionable from a practical and ethical perspective.

Allow funds to be shifted among programs and contracts. Services delivered over the next few months are likely to reflect both changing service needs and disparate opportunities for service delivery. Having the ability to shift funds between existing contracts and programs as needs dictate will enable us to retain quality staff and continue to deliver services where they are most required.

Include phone calls as a billable telehealth service. Phone- and video-based services should be billable under the same requirements as face-to-face interactions for the duration of the pandemic. California’s State Plan and DHCS policy already allow counties to reimburse Medi-Cal providers for mental health and substance use disorder services provided via telehealth, and CMS has confirmed that federal matching funds are available for these services. (*CA State Plan Amendment 12-025; Medi-Cal Provider Manual: Telehealth; CMS Guidance published 3/12/20*). The Department of Social Services has adopted this policy for Foster Family Agency social workers.

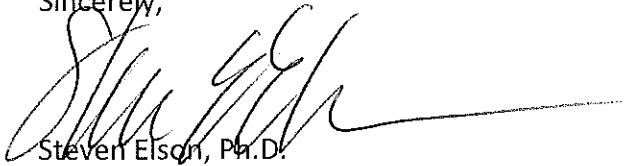
Eliminate the 15% “overhead” allocation limit. The primary reasons for the overage this year is because of increased compliance related costs, as well as having to close a cottage on campus that reduced our ability to spread fixed costs over a wider range of direct costs. The

cottage closure also substantially reduced VCBH's obligation to pay for mental health services presumptively transferred from other Counties placing youth at Casa Pacifica.

Furthermore, (a) there is no such limit on overhead costs in terms of drawing down FFP and (b) the limit on nonprofit overhead is inconsistent with industry and philanthropic trends. For example, GuideStar (reports on over 2.5 million U.S. nonprofits) no longer calculates or publishes a nonprofit's "overhead" and discourages its use as a measure of nonprofit efficiency. Indeed, several studies have concluded that realistic overhead for nonprofits is in the range of 25% to 35% -- about what businesses in service industries require.

We would value the opportunity to discuss these approaches with you as we all work to mitigate the effects of this extraordinary public health emergency.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steven Elson', with a long horizontal flourish extending to the right.

Steven Elson, Ph.D.

Chief Executive Officer

cc: Nacisa Egan VCBH CFO
Peter Owen VCBH Contracts Manager
Leisa Donovan Senior Manager Fiscal and Billing
Wayne Davey, Casa Pacifica CFO