



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



Date: April 4, 2014
Board Meeting Date: April 22, 2014
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Jean S. Fraser, Chief, Health System

Subject: Amendment to the Operations Management and Lease Agreements with Brios, LLC for Burlingame Long Term Care Center and Agreement with Brios, LLC for Millbrae Manor residential care facility

RECOMMENDATION:

Adopt a Resolution authorizing:

- A) An agreement with Brios, LLC to provide augmented residential care services at Millbrae Manor for seriously mentally ill clients for the term of May 1, 2014 through September 30, 2020; and
- B) An amendment to the Operations Management and Lease Agreements for Burlingame Long Term Care Center, delaying the due date for a loan to Brios from July 15, 2014 to July 15, 2015, extending the term of the Management and Lease Agreements through September 30, 2020; and making other minor modifications to the Management and Lease Agreements.

BACKGROUND:

In July of 2012, the Health System entered into an Operations Management Agreement with Brios, LLC to manage the Burlingame Long Term Care Center (Burlingame) on behalf of the Health System. The County had already entered into a Lease Agreement regarding the facility, and a Brios, LLC affiliate took over the lease once Brios purchased the facility. Not only did this agreement save 280 skilled nursing beds in the county, but it also provided hundreds of union jobs in the county. The Health System has been very pleased with Brios's performance under the agreement: the quality of care as rated by external auditors is better than when we directly managed Burlingame, patients are moving smoothly from the Medical Center to Burlingame, and the agreement has saved the Health System approximately \$4 million each year.

Recently, the Health System learned that another facility that the Health System uses to place difficult patients for long term care was at risk. The Health System has a contract to place 40 seriously mentally ill clients at Millbrae Manor, a residential care facility that went into bankruptcy. The contract costs approximately \$26,000 per month because Millbrae Manor provides more intensive services than is typical in a residential care facility. Brius, LLC purchased Millbrae Manor out of bankruptcy.

Brius, LLC desires to extend the Management Agreement for Burlingame. The Health System is in continuous need of more placements for seriously mentally ill adults.

DISCUSSION:

We have negotiated an agreement whereby the Health System will extend the Operations Management Agreement for, and lease of, Burlingame for an additional five years past its original termination date of September 30, 2015 to a new termination date of September 30, 2020. In addition, the Health System will delay the due date of a loan made to Brius in the Operations Management Agreement by one year, extending the due date from July 2014 to July 2015. The loan will continue to accrue simple interest at the rate of 3% per year. Other minor modifications to clear up language in the Operations Management and Lease Agreements are also included in the Amendment.

In exchange, Brius will continue to provide the augmented services at Millbrae Manor, will give BHRS exclusive use of all 48 beds at Millbrae Manor (an increase in eight beds) for seriously mentally ill patients at no additional cost to the Health System through September 30, 2020, and will eliminate the increased costs for the augmented services at Millbrae Manor for a monthly savings of around \$26,000. (Individuals with SSI will continue to pay the standard SSI rate of \$1003 per month to Brius for the placement as is typical for all people with SSI benefits who live in residential care facilities.)

The Health System is also asking the Board to authorize the Chief of the Health System or his/her designee to execute contract amendments which modify the County's maximum fiscal obligation by no more than \$25,000 (in aggregate) for each agreement and/or modify the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions.

The Millbrae Manor agreement, the two amendments, and the Resolution have been reviewed and approved by County Counsel as to form. The contractor meets insurance certificate requirements.

The contractor has assured compliance with the County's Contractor Employee Jury Service Ordinance, as well as all other contract provisions that are required by County ordinance and administrative memoranda, including but not limited to insurance, hold harmless, non-discrimination, and equal benefits.

Approval of the agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by ensuring that patients and clients in need of institutional care have placements in well-run facilities providing the appropriate level of service.

PERFORMANCE MEASURE:

Measure	FY 2013-14 Actual	FY 2014-15 Projected
At least 90% of clients at Millbrae Manor will rate the services as satisfactory	N/A	1,525*

FISCAL IMPACT:

The term of the Burlingame Management and Lease Agreements will extend through September 30, 2020. The term of the agreement for Millbrae Manor will be May 1, 2014 through September 30, 2020. The provisions of the Agreement for Millbrae Manor will result in a savings to the Health System of approximately \$312,000 annually due to not having to pay for the augmented services at Millbrae Manor. In addition, the extension of the Management Agreement for Burlingame Long Term Care center is projected to save the Health System \$4,000,000 for each year of the extension.