



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager



Date: July 23, 2015
Board Meeting Date: August 4, 2015
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: John L. Maltbie, County Manager
Louise Rogers, Chief, San Mateo County Health System
Stephen Kaplan, Director, Behavioral Health and Recovery Services
William Lowell, Director, Department of Housing

Subject: Financial Assistance for Residential Substance Use Treatment Providers.

RECOMMENDATION:

Establish a fund in the amount of \$1 million to assist residential substance use treatment providers who presently contract with the County in addressing imminent financial threats to their continued operations.

BACKGROUND:

Substance use treatment providers are under increasing financial stress due to decreasing revenues and increasing operating costs. Some providers that own their own properties struggle to make their mortgage payments and have informed County staff that they are contemplating selling their property in order to relieve financial pressures. Soaring property values are increasing the pressure on owners to sell their properties.

Prospects are good for future increases in funding for residential treatment under the Medi-Cal program but federal approval of the program has been delayed. However, the earliest that such financial relief might be expected is January 2016.

DISCUSSION:

The Health System, Behavioral Health and Recovery Services, the Department of Housing and Real Property Services are collaborating to develop a process to improve the long term sustainability of the current treatment providers and to strengthen their financial structures. A proposal addressing this critical need will be presented for your Board's consideration at the September 22, 2015 Board meeting. Should your Board approve the recommendation in September it will nevertheless take several months

before a provider will have access to any financial relief, either through this proposal or through possible enhanced Medi-Cal revenues.

Therefore, in the interim, we are proposing creation of a fund which would be immediately available terminating June 30, 2016 to assist residential drug treatment providers who are at imminent financial risk. The fund would be executed and maintained by the Department of Housing at the recommendation of the Chief of the Health System. This fund could be used to assist providers if, in the judgment of the Chief of the Health System, acting in consultation with the County Manager, County Counsel and the Department of Housing, a property that is owned by a treatment agency and that provides services to San Mateo County clients is at imminent risk of being lost and unavailable to provide residential substance use treatment. Funding would be conditioned upon the continued use as a residential substance use treatment facility for San Mateo County clients and any such funding, in the form of a 0% loan forgivable after 30 years would be subject to security interests determined to be appropriate by County staff.

Our departments will work on an expedited process during this interim period in order to provide the financial support necessary to stabilize the at-risk property(ies).

PERFORMANCE MEASURE(S):

Measure	FY 2015-16 Projected	FY 2016-17 Projected
Maintain existing residential substance use treatment beds	100% of current capacity retained	N/A

FISCAL IMPACT:

It is recommended that \$1 million in net county cost be appropriated for the FY 2015-16 Health-Behavioral Health and Recovery Services budget.