



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



Date: October 24, 2014
Board Meeting Date: November 18, 2014
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Jean S. Fraser, Chief, Health System
Jim Porter, Director, Public Works

Subject: Replacing Cordilleras Mental Health Center

RECOMMENDATION:

Accept the feasibility study for the replacement of the Cordilleras Mental Health Center at its present site prepared by Hammel, Green and Abrahamson, Inc. (HGA) Architects and Engineers, the Health System, and the Department of Public Works, and authorize the Director of Public Works to proceed with all necessary steps, including obtaining permits and development of plans, to bring a Cordilleras Replacement Project to this Board for consideration.

BACKGROUND:

Built in 1952, Cordilleras Mental Health Center (Cordilleras) is a 117 bed County-owned psychiatric facility serving San Mateo County residents. Cordilleras is located on a 20 acre site at 200 Edmonds Road in an unincorporated part of the County.

The Health System contracts with Telecare Corporation to operate two mental health residential programs for adults with serious mental illness in the single building: a licensed locked 68 bed mental health rehabilitation center (MHRC) and a licensed non-locked 49 bed adult residential facility (ARF). Cordilleras serves adults with long histories of mental illness and multiple episodes of acute psychiatric hospitalization.

The Mental Health Rehabilitation Center (MHRC)

Most clients in the Cordilleras locked MHRC beds come from San Mateo Medical Center's psychiatric inpatient unit. The MHRC is the highest, most intensive level of psychiatric care, other than inpatient services and state hospital. All of the MHRC residents are conserved adults; the vast majority are in the program involuntarily. Without access to the MHRC, most clients would remain in much more costly and inappropriately restrictive settings such as psychiatric inpatient units, state hospitals, or out-of-county MHRCs.

Behavioral Health and Recovery Services (BHRS) pays the entire cost of operating the MHRC because the Medi-Cal program will not pay for services provided in locked mental health facilities with more than 16 beds. The annual cost of the MHRC operation is \$6.4 million.

The Adult Residential Facility (ARF)

The unlocked ARF is permanent housing, in which clients may stay for many years although most do not. The majority of ARF residents have “stepped down” from more intensive levels of care such as the MHRC and other facilities outside of San Mateo County. Clients are free to come and go; they frequently use the bus that stops in front of the building. Most of the ARF clients receive their mental health treatment at an outpatient behavioral health clinic located in Redwood City and receive health care and other services in various other places.

BHRS pays the entire cost of operating the ARF because, pursuant to federal law, the Medi-Cal program will not pay for services provided in the same building as a locked mental health facility with more than 16 beds. The annual cost of the ARF operation is \$2.3 million.

The Building

The Cordilleras building was designed 62 years ago as a hospital for tuberculosis patients. It is deteriorating physically, resulting in a less optimal quality of life for the residents and high annual maintenance costs. The building is long past its useful life.

More importantly, the large institutional structure does not support current treatment practices that enable people who have serious mental illnesses to recover. Most large mental health institutions were designed decades ago for maximum supervision and control of a large number of clients by a minimum number of staff.

Over the last twenty years, revolutionary improvements in treatment and medications have made it possible for people with serious mental illnesses to live successfully in the community. Clients with acute illness are most successful when they have the opportunity to practice the skills they will need before they return to the community. State of the art environments for psychiatric recovery and rehabilitation are now designed to more closely resemble the homes in which clients will live upon leaving the treatment facilities. Smaller residential facilities reduce social isolation and create a more natural environment for social skills training and positive interpersonal relations, which are essential as clients move through successive levels of care. As a result, the lengths of stay in small facilities are less than half those of large facilities like Cordilleras.

In addition, in smaller residences treatment can be tailored to better address the needs of individual clients. For example, frail older adults usually have medical issues whereas young adults need to be physically active. Clients who are likely to be aggressive should not be mixed with clients who are vulnerable to becoming victims.

Accordingly, in September 2013, the Board of Supervisors authorized the completion of a study of the feasibility of replacing Cordilleras Mental Health Center with facilities that meet modern standards of care. The goal would be to transform Cordilleras into modern facilities focused on client rehabilitation, recovery and wellness.

In January 2014, the Department of Public Works contracted with HGA Architects and Engineers, who have substantial experience in health and mental health care facility design and construction, to work with BHRS and stakeholders to document the project's requirements and examine the feasibility of using the present site for the new facilities.

DISCUSSION:

The completed study evaluates the feasibility of demolishing the existing structure and building six facilities that would replace the number of current beds: five 16-bed MHRCs (80 clients total) and one 37-bed ARF. This would be 12 more MHRC beds than currently exist, allowing BHRS to bring 12 clients back from out-of-county placements, and 12 fewer ARF beds. The study also examined the feasibility of building an ARF with 55 total beds, 6 more than currently exist.

The study concludes that it is possible to construct the six new facilities at the current site. The study recommends a phased approach to construction that would have the ARF and two of the new 16-bed MHRCs built before demolition of the existing structure to reduce the displacement of clients during construction. The three remaining new MHRC facilities would be built on the site of the existing Cordilleras building after it is demolished. Under this approach, the County would only have to relocate 36 MHRC clients while the existing building is torn down and the final three MHRCs were built.

Capital Costs, Including Relocation of Clients During Construction

The estimated cost to build the new facilities using this phased approach is \$81.8 million.

During construction, 36 clients will need to be relocated for 16 to 20 months to other locked facilities. Total costs for relocation are estimated to be approximately \$4.6 million. The relocation plan will be finalized in the next phase of the project. Final estimated costs for the best relocation solution will be developed for the FY 18-19 budget cycle.

The study also estimates the feasibility and cost of expanding the ARF by an additional 18 beds, for a total of 135 beds at the site (80 MHRC beds and 55 ARF beds) to provide space for more MHRC clients to practice independent living in the ARF environment. These beds would bolster the dwindling number of ARF beds available in San Mateo County for publicly insured clients. The additional capital cost of adding a fourth floor and these 18 ARF beds is \$3.6 million. We recommend pursuing the expanded ARF.

For purposes of comparison, the study also evaluates the feasibility and costs of renovating the existing building. While it would be feasible to rehabilitate the existing

structure, the costs of doing so (\$55.6 million) are substantial and would not support state-of-the art care and improved outcomes. Accordingly, we do not recommend pursuing this alternative.

Operating Costs

In addition to estimating the costs of demolishing and replacing Cordilleras with new facilities, the study estimates the costs to operate programs and services at the new facilities.

BHRS currently spends \$8.7 million per year for services provided at Cordilleras for 117 existing clients, and it would spend \$1.1 million for 18 additional clients who would be able to live in the new facilities. None of the treatment for these clients is currently reimbursable because of federal law that excludes psychiatric facilities over 16 beds from Medicaid reimbursement (the so-called “IMD Exclusion”). Treatment facilities that are smaller than Cordilleras, housing 16 or fewer individuals, and meet various other requirements, are eligible for federal reimbursement of 50% of treatment costs.

The financial model included in the study shows that the increased cost of additional staffing and more intensive programming needed (estimated to be \$6.2 million) would be offset by receipt of federal reimbursement for 50% of the treatment costs, leaving the Health System with approximately the same net cost for expanded, more modern, and more effective facilities.

Timeline

Under the phased approach described above, construction of two of the new MHRCs and the ARF would begin in April 2017 and take 18 months. Thereafter, the existing Cordilleras facility would be demolished and the three remaining 16-bed MHRCs would be constructed on that site, with an anticipated completion date of December 2019.

Other challenges to overcome include potential mitigation of environmental impact brought on by a large scale project in a sensitive area, protection/restoration of creek bed/daylighting, logistics for access and staging heavy equipment, demolishing the existing structure, and preservation of fire-fighting operations by the neighboring CDF Station.

Acceptance of this study contributes to the Shared Vision 2025 outcome of a Healthy Community by providing locked facility long-term care and residential psychiatric treatment services. BHRS provides a range of services to promote wellness and recovery and to support consumers remaining in the lowest possible level of care. The provision of locked facility long-term care services is one established level of care. It is anticipated that 80% of clients who receive services will be maintained at a current or lower level of care.

PERFORMANCE MEASURE(S):

Measure	FY 2013-14 Actual	FY 20-21 Projected
Clients maintained at current or lower	68%	80%

level of care		
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FISCAL IMPACT:

The Board already approved \$10 million to be used for the feasibility study and development of preliminary design-build documents for this project. A detailed cash flow/outlay analysis of the project over a multi-year timeframe will be presented to the Board for consideration once plans are finalized.

The total cost of building the replacement facilities (\$81.8 million), plus relocation costs up to \$4.6 million, is estimated at \$86.3 million. Adding an additional 18 ARF beds would increase the capital costs by \$3.6 million making the new total \$89.9 million.

The operating costs for the new facilities (including the 18 additional ARF beds) will increase by approximately \$6.2 million, but this increase in cost will be offset by federal reimbursement that is not presently available with a single, large facility. Overall, the net operating costs are expected to be about the same.