



# County of San Mateo

## Inter-Departmental Correspondence

**Department:** HEALTH

**File #:** 24-535

Board Meeting Date: 6/25/2024

**Special Notice / Hearing:** None

**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Louise F. Rogers, Chief, San Mateo County Health  
Jei Africa, Director, Behavioral Health, and Recovery Services

**Subject:** Agreement with Psynergy Programs, Inc. for Residential Mental Health Services

**RECOMMENDATION:**

Adopt a resolution authorizing an agreement with Psynergy Programs, Inc. for residential mental health services, for the term of July 1, 2024 through June 30, 2027, in an amount not to exceed \$5,530,122.

**BACKGROUND:**

Since 1985, this Board has approved resolutions authorizing expenditures for residential care facilities serving mentally ill clients and providing residential care services for County adults. These services enhance successful community living and avoid a more costly and higher level of care.

**DISCUSSION:**

Psynergy Programs, Inc. (Psynergy) provides a full range of mental health residential services, which includes rehabilitative mental health services, psychiatric services, medication support, individual and group therapy, therapeutic programs with enhanced medical support for specific issues (e.g., diabetes), and a Modified Therapeutic Community. Psynergy's programs emphasize independent living skills, nutrition, and exercise. Psynergy has facilities located in Santa Clara County, Monterey County, and Sacramento County.

Behavioral Health and Recovery Services (BHRS) manages the placements in these and other residential service facilities within its total budgeted amount for mental health residential services.

Local in-County licensed residential facilities serve a critical role in the care of BHRS clients, but there are limited beds in-County. In recent years, the County licensed residential care market has been struggling. Established licensed residential care contractors in the County have been retiring and shuttering their operations, and new facilities are not being opened to succeed them. BHRS has attempted to engage with new in-County mental health residential center operators, but these operators are not interested in serving clients with severe mental illness, or for relatively low expected revenue. As a result of these accumulated factors, over the past few years, BHRS has lost

six in-County contracted licensed residential care facilities, resulting in a total loss of 41 beds.

Due to this in-county residential facility shortage, BHRS must contract with out-of-county licensed residential facilities. These out-of-county facilities provide long term placements and care for a population of clients that are often stigmatized and perceived as having too many complex issues. These facilities provide clients with meals, assistance with daily living activities, medication support, and social skills development. All BHRS clients placed in a contracted out-of-county licensed residential facility are closely followed by the BHRS Collaborative Care Team.

The needs of clients served by these facilities, as well as the uniqueness of the local licensed residential care market, inform the procurement approach that the County has adopted for these contracts. Additionally, Administrative Memo B-1 includes an exception to the competitive procurement process for Housing Services and Related Supports.

The resolution contains the County's standard provision allowing amendment of the County's fiscal obligations by a maximum of \$25,000 (in aggregate).

The agreement and resolution have been reviewed and approved by the County Attorney as to form.

It is anticipated that no more than 15% of all admissions will be discharged to an acute psychiatric level of care.

**PERFORMANCE MEASURE:**

Measure	FY 2023-24 Estimated	FY 2024-25 Projected
Percentage of clients discharged to an acute psychiatric level of care	15% 3 of 18 clients	≤15% 3 of 18 clients

**EQUITY IMPACT:**

This contract will positively impact a critically underserved community of behavioral health clients who have severe mental illness (25% LatinX, 25% Asian/Pacific Islander, 5% Black, 3% Mixed Race) and need residential placement. Residential providers such as Psynergy are a vital resource for housing such individuals. This agreement with Psynergy affords these individuals an ability to step down from higher acute, more costly levels of care to a community placement. This provider is committed to serving this population and supporting them with being successful while living in a community setting.

**FISCAL IMPACT:**

The term of the agreement is July 1, 2024, through June 30, 2027. The amount of the agreement is not to exceed \$5,530,122 for the three-year term. Funds in the amount of \$1,843,374 will be included in the BHRS FY 2024-25 Recommended Budget. It is expected that Federal Financial Participation will fund \$248,023; 1991 Realignment will fund \$1,372,173; and Net County Cost will fund \$223,178. Similar arrangements will be made for the following fiscal years. The payment provisions and levels of service in the agreement are essentially the same as the prior agreement.