

Dear BOS

As your deputy health officer, my concerns are not only for most visible aspects of the Covid Pandemic such as tests, vaccines, deaths and outbreaks.

As your deputy health officer it is my duty to care about all aspects of Public Health.

Tragically, the pandemic has taken a less visible but equally deadly toll on the mental health of our community. This damage will impact generations to come if we dont do something very soon to mitigate it .

In early March 2021, when it was decided that the old Howard Hospital would not be the location for the Measure B mandated PHF, it became possible to think about more modern and innovative directions for the PHF such as locating it on a Ranch property. I shared this Ranch concept with CEO Carmel Angelo and Supervisor Ted Williams and they directed me to write a proposal, including a business and financial plan, for the BOS.

The Ranch Proposal is my effort to make improvements in the mental health of our county, with an approach that is favored by the State, and which is forward thinking and cutting edge.

The first draft of my Ranch Report proposal was submitted to this BOS the morning of Tuesday, March 9th, before the BOS meeting.

Please find attached a new generic version of The Ranch concept, given the original referenced location is no longer available.

I would be grateful for the opportunity to answer any questions you might have about the Ranch concept in open session of the BOS on March 23.

Respectfully yours

Dr Doohan

## THE RANCH

Report prepared for the Mendocino County Board of Supervisors  
by Deputy Health Officer Dr Doohan 3/16/21

### Why a “RANCH” for mental health continuum of care in Mendocino County?

The Business Plan being developed herein is for a Mental Health Continuum of Care, a “Wellness Center Campus”, called “The Mendocino County Ranch” or “the Ranch”. The Ranch is a yet to be identified or purchased property in the unincorporated area of Mendocino County which would house the Measure B funded PHF and related services. Examples of mental health Wellness Campuses exist in the following counties: Marin, Alameda, Orange and Los Angeles (MLK Health Care System).

Regarding the Orange County Wellness Campus, which is being lauded by the State as a bright spot in innovation for the mental health crisis continuum of care, see this link:

<https://www.memorialcare.org/press-room/be-well-oc-debuts-first-mental-health-and-wellness-campus-orange-county>

The Ranch provides an opportunity for Mendocino County to construct a Wellness Center Campus removed from the all too prevalent stigma and discrimination that attaches to mental health facilities. The Ranch offers a location for needed services such as a psychiatric health facility, in one of the most healing environments: a natural setting. Nature and a ranch environment enhance mental health healing by improving one’s emotional state, while also contributing to overall physical wellbeing of staff and clients. There is also healthy vocational training readily available in a ranch setting. Furthermore, the history of the State Mental Hospital in Ukiah proved to our County that a natural setting is optimal for a psychiatric facility.

The Ranch provides the ability to enhance mental health services while also providing protected conservancy land for the County benefit. The Ranch provides Mendocino County with the unique opportunity to optimize our rural natural resources to redefine mental health services with a client centered, wrap around model of care. The Ranch could also provide a model for rural leadership in mental health treatment excellence for the entire State.

This Ranch proposal covers the start up of the ranch and operation for 2 years with existing Measure B funds (30 million) with outside funding sources coming in to fund ongoing sustainable operations starting in 2025 (or earlier if needed; see details on page 5 and 12):

- a. PURCHASE Ranch: 2 months (April-May): 5 million dollars to purchase ranch
- b. BUILD PHF: 18 months (June 2021-December 2022): 9.5 million dollars to build 16 bed PHF
- c. OPERATE PHF 1<sup>ST</sup> 24 months-Jan 2023 to Jan 2025: \$15,800,000 (\$7,900,000/year)

**Measure B:**

<https://www.mendocinocounty.org/home/showdocument?id=10497>

The Mental Health Treatment Act was overwhelmingly approved by Mendocino County Voters in 2017. The Mental Health Treatment Act ordinance is a special transaction (sales) and use tax to create a Mental Health Treatment Fund entirely dedicated to funding improved services, treatment, and facilities for persons with mental health and/or substance use disorder conditions.

The Measure B Mental Health Treatment Fund account was established April 2018 with revenues derived from sales tax allocations and interest. Over the first five years, Measure B is expected to generate roughly \$29 million for behavioral health facility construction and ongoing operations, services and treatment.

The mandate from the Mendocino County Measure B voters was clear: People suffering mental health disorders and/or drug addiction need treatment in the crisis mental health continuum of care, instead of in the jail or emergency room. And county residents who require clinical mental health treatment should not have to be transported to other counties away from their social supports because Mendocino County lacks its own appropriate facilities.

Mendocino County is committed to improving the lives of residents and the public's safety with enhanced mental health resources through the adoption of the Measure B ordinance to:

- A. Provide assistance in the diagnosis, treatment, and recovery from mental illness and addiction by developing: 1) a psychiatric health facility (PHF) and other behavioral health facilities; and 2) a regional behavioral health training facility to be used by behavioral health professionals, public safety, and other first responders.
- B. Provide for the necessary infrastructure to support and stabilize individuals with behavioral health conditions, including addiction and neurological disorders.

**Measure B Current Status and the PHF**

Mendocino County Residents voted for the passage of Measure B to improve the lives of those suffering with a mental health condition and for the construction of a psychiatric health facility within Mendocino County. Over the last four years there has been a variety of discussions related to the construction of a psychiatric health facility, cost associated with operating the facility, location options, and the use of Measure B funds. These discussions have impacted the ability of the committee to move forward with a recommendation to the Board of Supervisors.

There has been progress made with the approval of the construction of the Crisis Residential Treatment Facility and the additional supportive programs. However, we are still sending our

County residents out of County several hours away, when they are in need of acute psychiatric care; which impacts the clients and their families. The distance makes it almost impossible for families to be able to visit, at a time when individuals need their families support the most. When psychiatric beds are not available out of county, patients must stay in the hospital Emergency Department (ED) up to 5 days until appropriate transfer or discharge is arranged. In some cases this hospital stay is in an ICU bed, if ED beds are unavailable.

The Ranch proposal brings forward an opportunity for Mendocino County to construct a 16-bed Psychiatric Health Facility within Mendocino County, with the additional ability to provide a Wellness Center Continuum of Care on the Ranch campus.

The Measure B ordinance states that for a period of five (5) years, a one-half cent (0.5%) tax will be collected with a maximum of seventy-five percent (75%) of that revenue deposited into the Mental Health Treatment Fund to be used for facilities and not less than twenty-five percent (25%) dedicated to services and treatment; thereafter, one hundred percent (100%) of all revenue deposited into the Mental Health Treatment Fund, one-eighth cent (0.125%) tax, shall be used for ongoing operations, services, and treatment.

Auditor Weer's five (5) year projection includes the proceeds projected from sales and use tax, and quarterly interest accrued. The overall cumulative amount for facilities at the end of fiscal year (FY) 2022 -2023 is projected at Twenty-Nine Million Two Hundred Twenty Eight Thousand dollars (\$29,228,000). Mr. Weer also provided projections for operations proceeds for an additional five (5) years where the sales and use tax drops to one-eighth cent (0.125%) at Two Million dollars (\$2,000,000) per year.

### **The Kemper Report**

In 2018, Mendocino County contracted with Kemper Consulting Group to evaluate the current Mental Health and Substance Use Treatment Services to identify gaps within the service models so that Measure B funds could be used to develop a full continuum of care model within Mendocino County.

Kemper Consulting Group recommended:

- A Crisis Stabilization Unit (CSU)
- Crisis Residential Treatment Facility (CRT)
- Psychiatric Health Facility (PHF)
- Additional Supportive Outpatient Services
- Additional Substance Use Disorders Treatment

Since 2018, the Organized Delivery System (ODS) Model has been implemented within Mendocino County. The new delivery model will expand Substance Use Treatment Services

through the ability to bill for new services and have Medi-Cal pay for drug detox and residential care.

The Crisis Residential Treatment Facility has been approved and has broken ground for the start of construction. The additional support services to wrap around clients have been approved and are being implemented.

The Psychiatric Health Facility is still in its infancy stage, and based on Kemper Consulting recommendations, should be the next area of focus to complete the continuum of care.

Regarding the Crisis Stabilization Unit, there has been a decision to hold off on this type of facility due to the cost to operate. If there is change in legislation, the ability to operate one of these facilities within cost may become an option.

## **Background**

In 2000, Mendocino County closed the County Psychiatric Health Facility in Ukiah. With the closure of the facility, all individuals needing a crisis assessment were directed to a crisis center (Ukiah or Fort Bragg) or the local hospital emergency department. If an individual was placed on a 5150 by law enforcement, the individual was taken to a crisis center or local emergency department. If an individual was determined to meet the criteria for a 72-hour evaluation, assessment, and placement; the individual was transported to an acute psychiatric hospital out of County or kept in the hospital ED (or ICU) for up to 5 days until a psychiatric bed became available or safe discharge was planned.

Over the last 20 years, the availability and need for acute psychiatric hospitals has increased across the State, which has limited the availability of beds closer to Mendocino County. The closest facilities are still an hour and a half away from Ukiah. It has also impacted the ambulance services in Mendocino County, which are required to transport clients to a higher level of care located 1.5 to 4 hours from Ukiah by ground transportation.

Mendocino County has continued to expand the outpatient mental health services over the last few years. While the expansion of services may decrease the number of individuals needing acute psychiatric hospitalization, it will never eliminate the need for that level of care.

Unfortunately, we have not seen a decrease in the need for mental health services. On the contrary we have continued to see an increase in the need and request for mental health services, especially with the prolonged Pandemic stress impacting our County.

## **Financial Plan Background Information**

Mental Health Services are reimbursed through an individual's insurance company. Individuals with insurance such as Veterans Affairs, Medicare, Kaiser Permanente, and Anthem Blue Cross need to work with their insurance company to access mental health services and

reimbursement for the services, including acute psychiatric hospitalization. Individuals who have Medi-Cal and need access to mental health services are offered services based on their symptoms and functional impairment level, i.e., mild, moderate, or severe. The County Mental Health Plan conducts all crisis assessments regardless of payor and pays for all crisis stabilization and acute psychiatric hospitalization for all individuals with Medi-Cal.

While Mendocino County does not have a Psychiatric Health Facility within the county, Mental Health clients needing acute care are admitted to psychiatric facilities on a regular basis. In fiscal year (FY) 2019 - 2020, Behavioral Health and Recovery Services hospitalized 597 individuals (508 adults and 89 children); of that number, 400 individuals had Medi-Cal and 46 were indigent.

Based on information obtained for a 16-bed psychiatric health facility (PHF), the operating costs are between \$7 million to \$7.9 million, with the average cost of \$465,625 per bed per year. The existing funding sources to cover the operating costs of a PHF include Medi-Cal, Medicare, Realignment, Measure B, and Private Insurance. Additional sources of funding to enhance and expand facilities and services at the Ranch are possible from philanthropy (such as the Arlene and Michael Rosen Foundation) and the State of California through a 750 million dollar allocation in the new budget. The Governor's Budget from January 2021 allocated \$750 million to expand the community continuum of behavioral health treatment resources, towards enhancing the lives of individuals and providing stable environments that lead to better behavioral health outcomes. If this budget is approved, RFPs will be due in December 2021. This allocation is for matching grants that can be used for Capital development as well as other purposes (Matching is 75% from State 25% from County).

[https://www.dhcs.ca.gov/Documents/Budget\\_Highlights/DHCS-FY-2021-22-Governors-Budget-Highlights.pdf](https://www.dhcs.ca.gov/Documents/Budget_Highlights/DHCS-FY-2021-22-Governors-Budget-Highlights.pdf)

Because PHFs contract with a variety of payor sources, and individuals receiving treatment in the facility will have a variety of payor sources, the ability to accurately predict reimbursement to cover operating costs is challenging. In addition, due to the Medi-Cal payment regulations for psychiatric facilities, projected costs will vary widely based on the type of facility that contracts for the services. On average Medi-Cal reimburses 60% of the cost for an acute hospitalization stay.

Example of how reimbursements could pay for PHF Costs:

- Operating Cost: \$7,900,000
- Reimbursements:
  - Medi-Cal FFP - \$4,000,000
  - Medicare - \$520,000
  - Private Insurance - \$179,000
  - Realignment – \$1,400,000
  - Measure B - \$1,800,000

It is recommended that the County own the property and any buildings for a PHF: this will allow the County to ensure Mendocino County residents have priority admission, reduce cherry picking of less complex clients for admission, and insure equitable rates. The County should contract with an operator for a 16-bed facility to ensure maximum Medi-Cal reimbursement. It is also suggested that the facility and contractor work with other counties such as Lake and serve clients with private insurance and Medicare to maintain occupancy rates, thereby reducing operating costs via economy of scale. Additionally, cost savings to the hospitals and jail in Mendocino County from the building of a PHF should be included in the financial plan.

**Wellness Center Campus:** additional services that could go on the campus or be used for:

Mental Health Board and Care Facility  
Mental Health Housing  
Nature activities for clients and staff with farming/vocational training  
Wellness Resources Center  
NAMI Office  
Crisis Stabilization Unit, if legislation changes

### Business Plan with Lean Start Up

This proposal uses the Lean Start up method and the Mission Model Canvas to generate a Business Plan for the start-up of the Measure B mandated mental health continuum of care in Mendocino County. The Business Plan being developed herein is for a continuum of mental health care called a “Wellness Campus” which we call “The Mendocino County Ranch” or “the Ranch”. The Ranch is a yet to be purchased property in the unincorporated area of Mendocino County.

Herein is further proposed that the Arlene and Michael Rosen Foundation (AMRF) will provide funding for the non-profit Home Base to host a Stakeholder convening in Spring 2020 for the customer development/discovery process for the Ranch. This process is described as the second principle of the Lean Start up Method (see below).

About the Lean Start up Method, please refer to this article from the Harvard Business review:

<https://hbr.org/2013/05/why-the-lean-start-up-changes-everything>

From this article:

” The lean [start up] method has three key principles:

First, rather than engaging in months of planning and research, entrepreneurs accept that all they have on day one is a series of untested hypotheses—basically, good guesses. So instead of writing

an intricate business plan, founders summarize their hypotheses in a framework called a *Business Model/Mission Model Canvas*.

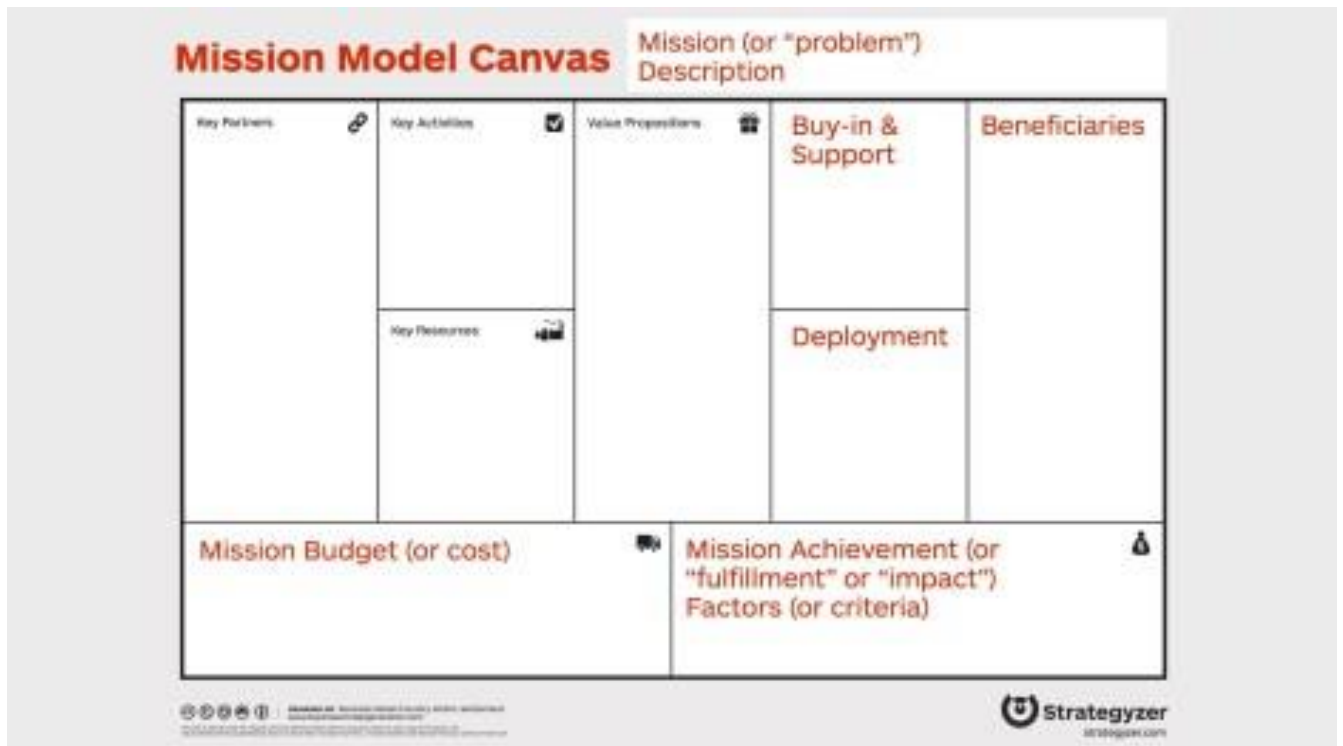
Second, lean start-ups use a “get out of the building” approach called *customer development* to test their hypotheses. They go out and ask potential users, purchasers, and partners for feedback on all elements of the business model.

Third, lean start-ups practice something called *agile development*, which originated in the software industry. Agile development works hand-in-hand with customer development. Unlike typical yearlong product development cycles that presuppose knowledge of customers’ problems and product needs, agile development eliminates wasted time and resources by developing the product iteratively and incrementally. “

The Mission Model Canvas is a framework for the Business model geared towards not-for-profit innovations.

Here is the Mission Model for the Ranch and a diagram showing the organization of the Canvas.

[https://docs.google.com/spreadsheets/d/1nn0kIVdq9XnduuOMo9BgGDhcY7cZ9yNJVwYZ\\_qNS080/edit?usp=sharing](https://docs.google.com/spreadsheets/d/1nn0kIVdq9XnduuOMo9BgGDhcY7cZ9yNJVwYZ_qNS080/edit?usp=sharing)



The Mendocino County Ranch Mission Model Canvas review outlined in link above, is listed here for convenience and tells the story of the Business Model for the Ranch:

2. Key Partners



- a. Adventist Health Hospitals in Ukiah, Willits and Fort Bragg
  - b. public safety/jail
  - c. Ford Street
  - d. County BOS and HHSA/BH
  - e. RCMS/RQMC
  - f. FQHCs and clinics
  - g. The patients in mental health crisis
  - h. Architect
  - i. Organization to operate the PHF
3. Key Activities
- a. All of the activities prescribed by Measure B
  - b. Provision of mental health crisis continuum of care in a natural ranch setting where
    - i. The naturally secure geography of the ranch property creates safety and reduces the stigma and discrimination associated with a PHF and reduces an individual's embarrassment of being placed in a PHF by being in a more secluded location.
    - ii. The healing power of nature can be integrated into the mental health care plan.
    - iii. A separate area of the ranch can be developed for organized mental health resiliency activities (training) for county front line workers and PHF staff who interface with mental health clients due to the nature of their jobs.
    - iv. No neighbors need to be impacted by the activities on the ranch due to the isolated setting if readily achievable mitigations are put in place regarding traffic and public access.
    - v. A Readily accessible property (paved, fire safe road) with close proximity to the County seat in Ukiah (where jail and regional hospital are located).
4. Key Resources
- a. Proposed purchase of ranch in Ukiah area which already has developed infrastructure and is readily accessible (yet to be found location)
  - b. Measure B funds
  - c. Mendocino County Behavioral Health
  - d. Board of Supervisors
  - e. Governor's Budget January 2021 allocated \$750 million to expand the community continuum of behavioral health treatment resources, enhancing the lives of individuals and providing stable environments that lead to better behavioral health outcomes.
  - f. Kemper Report
  - g. Federal funding through DMC-ODS and CMS
  - h. Funding from philanthropy for stakeholder convenings (AMRF)
5. Value Proposition (of the Ranch start-up)
- a. Provide credible business/financial plan to BOS

- b. Provide a robust and sustainable continuum of mental health care in Mendocino County as mandated by Measure B
- 6. Buy in/Support (*For each beneficiary, how does the team get “Buy-In?”*)
  - a. “customer development” through discovery process led by AMRF/HomeBase with key beneficiaries in Mendocino County (see principle 2 of lean start up)
- 7. Deployment (What will it take to deploy the service from a Minimum Viable Product to widespread use among people who need it?)
  - a. Purchase of Ranch (yet to be found location)
  - b. Start with one aspect of Measure B (minimal viable product) using existing structures on the Ranch immediately
  - c. Build PHF with 16 beds
  - d. Plan for potential of expansion to 32 beds with state waiver (eg expand to include adult CSU)
  - e. Learn from other Wellness Campuses that have been launched in California and elsewhere
- 8. Beneficiaries (“customer segments”)
  - a. Primary Beneficiary=County and Measure B mandate
  - b. Hospital—currently 5150 patients who are not accepted to a PHF have to be kept in ED with a guard
  - c. public safety/jail
  - d. Ford Street
  - e. FQHCs and clinics
  - f. The patients in mental health crisis
- 9. Mission Cost/Budget (30 million Measure B funds will fund fully till Jan 2025)
  - a. PURCHASE-2 months: 5 million dollars to purchase ranch (yet to be found location)
  - b. BUILD-18 months: 9.5 million dollars to build 16 bed PHF: based on expert opinion that the optimal square footage for a PHF is 9,500 sq feet, with a building cost estimate of \$1,000/sq ft. Architect evaluation needed)
  - c. LAUNCH-in 20 months—see sketch of staffing requirements below
  - d. OPERATE for 1<sup>ST</sup> 24 months: \$15,800,000
  - e. Future annual Operating Costs covered by reimbursements: \$7,900,000
    - i. Reimbursements:
      - 1. Medi-Cal FFP - \$4,000,000
      - 2. MediCare - \$520,000
      - 3. Private Insurance - \$179,000
      - 4. Realignment – \$1,400,000
      - 5. Measure B - \$1,800,000
- 10. Mission Achievement for Mendocino County: County will purchase a Ranch and build the PHF on this land and start operations within 18 months after purchase with Measure B funds. Operating the PHF will be achieved via a series of county/local/AH partnerships.

Measurable OUTCOMES

- a. Drastic reduction in acute hospital and jail services for mental health crisis with shift to the Ranch
- b. Drastic reduction in costs (direct and indirect) related to transfers out of county for crisis mental health with shift to the ranch
- c. Cost savings to jail and hospital
- d. Decreased suicide rate (attempted and completed) in Mendocino County
- e. Fulfillment of Measure b mandate
- f. Conservation of ranch land and establish mitigation bank

Financial Plan sketch for PHF operations:

STAFFING EXPENSES indicated below include in-kind services provided by beneficiaries who will receive cost savings due to Ranch. These in-kind services would lead to potential savings that could offset operating costs at the PHF.

See this document for the staffing requirements of a PHF

[https://www.dhcs.ca.gov/services/MH/Documents/LicReqPHF\\_Article3.pdf](https://www.dhcs.ca.gov/services/MH/Documents/LicReqPHF_Article3.pdf)

1. The facility shall have a clinical director who shall be a licensed mental health professional and qualified in accordance with section 77093 of these regulations.
2. A physician shall be on-call at all times for the provision of physical health care and those services which can only be provided by a physician.
3. Each facility shall meet the following full-time equivalent staff to census ratio, in a 24 hour period:

In patient Census: 1-10 11-20 21-30 31-40 41-50 51-60 61-70 71-80 81-90 91-100  
 Licensed Nursing Personnel 1 2 3 4 5 6 7 8 9 10  
 Mental Health Professional Nursing Staff 4 5 6 8 10 12 14 16 18 20  
 Mental Health 3 5 8 10 13 15 18 20 23 25  
 Worker Totals 8 12 17 22 28 33 39 44 50 55

4. A registered nurse shall be employed 40 hours per week. The registered nurse time may count as part of the total requirement for licensed nursing personnel. There shall be a registered nurse, a licensed vocational nurse, or a psychiatric technician awake and on duty in the facility at all times. The psychiatric nursing service shall be under the direction of a registered nurse who shall meet at least the following qualifications:  
 Master's degree in psychiatric nursing or related field with experience in administration  
 Baccalaureate degree in nursing or related field with experience in psychiatric nursing and two years of experience in nursing administration  
 Four years of experience in nursing administration or supervision and with experience in psychiatric nursing.
5. The required staffing ratio shall be calculated based upon the inpatient census and shall provide services only to psychiatric health facility patients.

6. Social Services: Social services shall be organized, directed and supervised by a licensed clinical social worker. **Provided in kind by hospital funded by cost savings**
7. Rehabilitation services: mean those activities provided by occupational therapists, physical therapists or recreation therapists under the general direction of the clinical director to restore, establish and maintain optimum levels of social, vocational and physical functioning and to minimize residual disabilities of patients Social activities which involve group participation. Recreational activities, both indoor and outdoor. Opportunity to participate in activities outside of the facility if appropriate. Exercises. A physician shall prescribe in the health record the level of physical activity in which a patient may engage. **Provided in kind by hospital funded by cost savings**
8. Dietetic Services The total daily diet for patients shall be of the quality and in the quantity necessary to meet the needs of the patients and shall meet the "Recommended Dietary Allowances," 9th edition, 1980, or most current edition, adopted by the Food and Nutrition Board of the National Research council of the National Academy of Science, adjusted to the age, activity and environment of the group involved. All food shall be of good quality and be selected, stored, prepared and served in a safe and healthful manner. The following shall apply: Arrangements shall be made so that each patient has available at least three meals per day. not more than fourteen (14) hours shall elapse between the third and first meal. A facility may choose to purchase, store and prepare the required food for its patients, or it may choose to purchase prepared meals from other appropriate sources, through a written contract. Commercial kitchen in ranch house can be used to prepare meals Food can be grown on the ranch and prepared by chef on site **which is also an opportunity for vocational training.**
9. Pharmaceutical Services - General Arrangements shall be made with pharmacists licensed by the California Board of Pharmacy to assure that pharmaceutical services are available to provide patients with prescribed drugs and biologicals. **Provided in kind by hospital funded by cost savings**  
Pharmaceutical Services - Staff Facilities shall retain a consulting pharmacist who devotes a sufficient number of hours during a regularly scheduled visit, for the purpose of coordinating, supervising and reviewing the pharmaceutical service at least quarterly. The report shall include a log or record of time spent in the facility. There shall be a written agreement between the pharmacist and the facility which includes the duties and responsibilities of both. **Provided in kind by hospital funded by cost savings**
10. Security **Provided in kind by Sheriff department funded by cost savings**