

Overview & Q&A

About the Upcoming Merger of
Buckelew Programs and Family Service Agency of Marin
February 8, 2012

The merger of Buckelew Programs with Family Service Agency of Marin (FSA) will become effective March 1, 2012, subject to state approvals. The merger will unify two strong and respected non-profit organizations to better serve the community. It also positions the new organization for growth and success that will meet a wider spectrum of community mental health needs in the era of health reform. After an 18-month process of discovery, research, negotiations and due diligence led by a Joint Merger Negotiations Committee, the boards of both organizations approved the merger.

With a combined history of 100 years of service, the Buckelew Programs and FSA merger will create the leading behavioral health organization in the North Bay, which will be in a strong position to grow with public and private grants and managed care contracts. FSA will become a major division under the umbrella of Buckelew Programs and retain its name for at least three years. Buckelew Programs is considering re-branding and a name change that will better reflect its expanded role in serving the community.

The merger of the two organizations, which offer complementary services with little overlap, creates a synergy that enhances the scope and depth of services offered by each. The combination of services will provide a full, integrated continuum of mental health and addiction treatment for people across their entire lifespan, from early childhood through aging services, and across the range of needs from serious mental illness to life transitions and personal growth. Specialized therapies and programs will address critical needs from pregnancy through childhood and adolescence to adulthood and elder services.

Clients will benefit from the merger, according to FSA Executive Director Margaret Hallett, who will continue to lead and grow FSA's outpatient behavioral health services. Buckelew and FSA clients will have seamless access to the resources available through both organizations. The quality of services available to clients will be enhanced thanks to coordinated care and access to consultation from cross-disciplines through the merged organizations. No services are expected to be reduced and no layoffs are anticipated. FSA will remain at its current location at 555 Northgate Drive in San Rafael.

The new organization will serve at least 7,000 people in its first year. Further growth is anticipated through implementation of the Affordable Care Act and the state's Coverage Expansion, which is expected to provide health coverage to over 17,000 newly eligible individuals in Marin County in 2014.

"Everyone wins with this merger," said Buckelew Programs Executive Director Dr. Steve Ramsland. "The consolidation of our organizations will result in better, more comprehensive services for people in our community, an administrative infrastructure more capable of managing growth and demonstrating impact, and a comprehensive behavioral health organization capable of thriving in the new health reform ecosystem."

A brief history of each organization follows:

Buckelew Programs, Inc.
900 5th Avenue, Suite 150
San Rafael, CA 94901
www.buckelew.org
Steven Ramsland, Ed.D., Executive Director

Brief History: Buckelew is a California nonprofit public benefit corporation founded in 1970. It has since grown to be a \$12 million a year enterprise serving 3000 clients in Marin, Napa, and Sonoma counties. Buckelew's mission is to enhance the quality of life of individuals and families in our community by providing mental health and addiction services that promote recovery, resilience, and hope. To fulfill this mission, Buckelew provides supportive housing, supported employment, case management, residential substance abuse detoxification, information & referral services, outpatient counseling and health & wellness services. Buckelew also operates three nonprofit social enterprise businesses that employ people who have been disconnected from the workforce due to mental health or substance use disorders.

Family Service Agency of Marin (FSA)
555 Northgate Drive
San Rafael, CA 94903
www.fsamarin.org
Margaret Hallett, Executive Director

Brief History: Family Service Agency of Marin (FSA) is a nonprofit public benefit corporation formed in 1945 to provide mental health services, substance abuse treatment, family education, crisis intervention, child abuse treatment and prevention, service to the elderly, multi-cultural outreach, and social services to Marin County residents in need. With an operating budget of \$2.3 million, FSA's community programs helped enrich the lives of more than 4,500 at-risk children, adults and families last year.

Q&A

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What are some of the benefits of this merger?

The merger of Buckelew Programs and Family Service Agency will create the North Bay's largest umbrella behavioral health organization, which is committed to providing clients and the community with quality care, expanded services and greater access.

A holistic approach will create a new continuum of care by providing clients with a complete array of services. And, as a client's needs change, the carefully coordinated transition between services can be seamless.

The integration of mental health and counseling services, job training, housing and primary care will help many clients in their recovery, as well as reduce hospitalization and emergency room visits and costs. This wider spectrum of integrated services will also help grow the organization through new and expanded funding sources.

The merged organization plans to work closely with primary care providers who will now have just one place to call for a wide range of behavioral health services from initial crisis to ongoing care for their patients.

Internally, the merger will create a highly efficient operations infrastructure in finance, billing, personnel, resource development and executive management.

How closely aligned are the missions of the organizations?

The missions of the two agencies are closely aligned. With a combined history of 100 years of service, Buckelew Programs (Buckelew) and Family Service Agency of Marin (FSA) are poised to form one organization with a clear and forward thinking vision for the future. Each engaged stakeholders in strategic planning over the past 18 months and concluded that an integrated strategy is critical to enhancing their missions, responding to environmental factors, and ensuring long term viability.

Separately, FSA and Buckelew each have longstanding reputations for the quality, responsiveness, and effectiveness of their services, but both are seen as specialty—not comprehensive—behavioral health providers. Buckelew provides behavioral health supportive housing, supported employment, substance abuse detox, in-home case management, social enterprises, and a family resource program. It will open a psychiatric crisis residence program this year. FSA operates outpatient behavioral health services, a crisis/suicide hotline, and other home, school, and community based services. Buckelew and FSA have jointly operated a program for Transition Age Youth for the past 3 years. Combined, Buckelew and FSA will meet the proposed definition of a Federally Qualified Behavioral Health Center, positioning the organization for increased reimbursement and contracting appeal for Health Homes and Accountable Care Organizations.

Culturally, staffs from both agencies have long worked collaboratively and compatibly as key providers in the local system of care, attending trainings, participating in task forces, and in jointly operating the TAY program. Board members are of a similar profile, and have worked collegially in our discussions to date.

How will the merger enhance organizational effectiveness and impact?

The merger between Buckelew and FSA will strategically position the combined organization for success in the health reform initiatives of 2014, and will also create immediate program synergies that will increase the revenue of both legacy organizations and provide new and improved services to clients within the next year. For example, FSA's outpatient clinic and Buckelew's detox program will combine to extend pre- and post-detox outpatient therapy to Medi-Cal and other clients. As a result, FSA will see an immediate increase in new clients, and Buckelew's detox clients will receive a more integrated transition from detox to services that will help them maintain sobriety in the community. As the organization becomes the most comprehensive behavioral health organization in the region, collective services and operational efficiencies will enhance the ability to demonstrate effectiveness and impact in ways that would not be possible as separate organizations.

Both organizations have solid financial positions. Buckelew has a diversified revenue base of \$12 million, with \$3 million in assets, and an additional \$13 million in assets of affiliated property corporations; FSA has a revenue base of \$2.3 million and assets of \$1.4 million. Combined, they will gain operational efficiencies and the stronger administrative and program infrastructure increasingly required by payers.

How did the organizations prepare for the merger?

Buckelew and FSA held a series of exploratory integration planning sessions over the past 18 months and hired one of the leading nonprofit merger consulting organizations to assist in merger negotiations and due diligence.

The organizations formed a Joint Merger Negotiations Committee to identify and negotiate the issues facing the organizations. Areas addressed include: Overview of market and strategic context for a merger; potential strategic fit; potential business fit; potential management and cultural fit; visions for how a merger might look; funding issues and implications for a merger; organizational priorities for a merger; post-merger organizational structure and management operations; program philosophy and approach; technologies; and grant support needed for merger expense and post-merger integration.

The first meeting of the Joint Merger Negotiations Committee was on July 28, 2011. Since then, the Committee has met many times to conduct due diligence activities and negotiate the terms of the merger. Merger consultation and financial due diligence of the organizations was conducted by LaPiana Consulting. Legal due diligence has been conducted by the organization's committees and the law firms engaged by the two organizations.