



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Submitted on:
(COB Stamp)

Department Name: Behavioral Wellness
Department No.: 043
Agenda Date: December 17, 2024
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Director(s): Antonette Navarro, LMFT, Director, Behavioral Wellness, (805) Contact Info: Jamie Huthsing, LMFT, Assistant Director of Compliance and Quality Care Management (805) 681-5220

SUBJECT: **California Department of Health Care Services FY 22–27 County Mental Health Plan Agreement and Amendment 1 (No. 22-20133 and 22-20133 A01) and California Department of Health Care Services FY 21-27 Drug Medi-Cal Organized Delivery System (DMC-ODS) Intergovernmental Agreement and Amendment 1, 2, and 3 (No. 21-10034, No. 21-10034 A01, No. 21-10034 A02, No. 21-10034 A03) Termination**

County Counsel Concurrence

As to form: Yes

Other Concurrence:

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve the Director of the Department of Behavioral Wellness to accept the termination of the **County Mental Health Plan (MHP) Agreement and Amendment** (No. 22-20133 and No. 22-20133 A01) with the **California Department of Health Care Services (DHCS)** to end the contract terms and conditions in compliance with State and federal requirements, for the provision of Specialty Mental Health Services (SMHS) by County to eligible Medi-Cal members/beneficiaries with no change to the \$0 contract amount and now terminating the contract on December 31, 2024;
- b) Approve the Director of the Department of Behavioral Wellness to accept the termination of the **Drug Medi-Cal Organized Delivery System (“DMC-ODS”) Intergovernmental Agreement and Amendments** (No. 21-10034, No. 21-10034 A01, No. 21-10034 A02, and No. 21-10034 A03) for the provision of Substance Use Disorder (SUD) treatment services with a total maximum amount of \$169,798,000 now terminating the contract on December 31, 2024; and
- c) Determine that the above action is a government funding mechanism or other government fiscal activity that does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment and is therefore not a

project under the California Environmental Quality Act (CEQA) pursuant to section 15378(b)(4) of the CEQA Guidelines.

Summary Text:

The Department of Behavioral Wellness (BWell) is requesting approval by the Board of Supervisors to accept the termination of the California Department of Health Care Services (DHCS) Santa Barbara County Mental Health Plan (MHP) Agreement No. 22-20133 and Amendment No. 22-20133 A01 effective December 31, 2024. .

BWell is also requesting approval by the Board of Supervisors to accept the termination of the DHCS Drug Medi-Cal Organized Delivery System (“DMC-ODS”) Intergovernmental Agreement (No. 21-10034, No. 21-10034 A01, No. 21-10034 A02, and No. 21-10034 A03) for the provision of Substance Use Disorder (SUD) treatment services with a total maximum amount of \$169,798,000 now terminating the term of the contract on December 31, 2024. .

This termination has been issued so that beginning on January 1, 2025, DHCS and the County of Santa Barbara BWell are eligible to enter a new integrated contract to deliver both mental health services under the Specialty Mental Health Services (SMHS) and SUD services under the DMC-ODS as a part of Behavioral Health Administrative Integration. The new integrated contract will wholly replace both agreements and will be brought to the BOS at a later date after receipt from DHCS.

Background:

Mental Health Plan

On September 20, 2022, the County renewed the MHP Agreement, No 22-20133 with DHCS in accordance with the Welfare and Institutions (W & I) Code § 14680 through §14727. W & I Code § 14712 directs DHCS to implement and administer Managed Mental Health Care for Medi-Cal-eligible residents of this state through contracts with mental health plans. DHCS issues MHP contracts to each county for the provision of Medi-Cal SMHS. Per the MHP Agreement with the County of Santa Barbara, for the period of July 1, 2022, through June 30, 2027, the County of Santa Barbara agreed to operate the MHP for Santa Barbara County and received Federal Financial Participation (FFP) to offset the costs of delivering mandated specialty mental health care services. Santa Barbara County is required to provide or arrange for SMHS to all eligible Medi-Cal members of Santa Barbara County.

The County MHP Agreement specified the terms and conditions under which counties provide medically necessary SMHS to Medi-Cal beneficiaries through county-operated and contracted programs (Covered Services). Covered Services include inpatient psychiatric hospital services, therapeutic behavioral services, day treatment/day rehabilitation, and an array of outpatient services such as crisis intervention, therapy, rehabilitation services, and case management. The contract also specified the Medi-Cal program's requirements regarding quality care management and standards regarding the electronic exchange of protected health information.

On June 18, 2024, the County BOS approved, ratified, and authorized the Director of BWell to execute the First Amendment to the County Mental Health Plan No. 22-20133 A01, amending Exhibit A (scope of work), B (budget and payment provisions), and E (additional provisions) with no change to the term and the \$0 contract amount.

On October 25, 2024, the County of Santa Barbara BWell was notified by DHCS that SBC BWell has been approved as an early adopter of the final California Advancing and Innovating Medi-Cal (CalAIM) goal of integration of Substance Use Disorder DMC-ODS and Mental Health Plan systems and the

requirement to terminate the DHCS MHP Agreement, No. 22-20133 and No. 22-20133 AM01 effective December 31, 2024.

DMC-ODS Plan

Historically, DHCS allocates State and Federal funding to counties for SUD treatment services available to Medi-Cal beneficiaries pursuant to Title XIX and Title XXI of the Social Security Act. As part of the Affordable Care Act (ACA), the state of California DHCS applied for a Medicaid waiver, a Section 1115 Demonstration Waiver approved on August 2015, to expand and enhance the DMC system in this state and to provide a continuum of care. The DMC-ODS pilot was a voluntary pilot program which offered California counties the opportunity to expand access to high-quality care for Medi-Cal members, authorized and financed under the authority of California's Section 1115 waiver "Bridge to Reform Demonstration."

Initially, on February 28, 2017, the BOS approved and authorized BWell to submit the DMC-ODS Implementation Plan to DHCS in order to participate in the state Medicaid demonstration waiver for SUD services. The BOS approved the DHCS DMC-ODS multi-year Intergovernmental Agreement on October 16, 2018 for the period of December 1, 2018 through June 30, 2021 to provide mandated SUD services for clients and approved the First Amendment on January 28, 2020.

On October 12, 2021, the BOS approved and authorized the multi-year DHCS Intergovernmental Agreement (DMC-ODS Agreement No. 22-20133) to continue to provide DMC-ODS services for SUD for FY 2021-2024 in the amount of \$83,994,000. DMC-ODS Medi-Cal beneficiaries who need help with SUD opportunities to obtain successful treatment for their individual needs if the County participates in SUD services through the DMC-ODS Agreement. The DMC-ODS prevents recidivism and costly emergency services and provides for automatic mandatory enrollment of all Medi-Cal beneficiaries who meet medical necessity for SUD treatment services. The DMC-ODS Agreement required the County to ensure the availability and accessibility of adequate numbers of facilities, service locations, service sites, and professional, allied, and supportive personnel to provide medically necessary services, and ensure the authorization of services for urgent conditions. BWell provided the following services: Case Management services to navigate the transitions between treatment levels and coordinate with supportive services such as housing, physical health care, and employment; Intensive Outpatient Treatment (IOT); Outpatient Treatment; Medications for Addiction Treatment (MAT) services (additional medications available to help with the withdrawal and cravings associated with substance use disorders); Opioid/Narcotic Treatment Program (NTP) services; Physician Consultation; Recovery Support services to assist in the maintenance of long-term recovery after the treatment episode; and Residential Treatment services to all beneficiaries both perinatal and non-perinatal requiring higher levels of care.

On November 29, 2022, the BOS approved and authorized the First Amendment to the DHCS DMC-ODS Intergovernmental Agreement No. 21-10034 A01 to update the terms and conditions for compliance with California Advancing and Innovating Medi-Cal (CalAIM), add Peer Support Service and Contingency Management Services, and increase the contract amount by \$724,000 for a total maximum contract amount of \$84,718,000 for the period of July 1, 2021 to June 30, 2024.

On October 17, 2023, the Board approved and authorized BWell to execute a Second Amendment to the multi-year DHCS DMC-ODS Intergovernmental Agreement (No. 21-10034 A02) to update programmatic and financial terms and conditions for compliance with state and federal requirements including the CalAIM Behavioral Health Payment Reform changes, with no change in the contract maximum amount of \$84,718,000 for the period of July 1, 2021, to June 30, 2024.

On June 11, 2024, the Board approved and authorized the Director of BWell to execute the Third Amendment to the DHCS DMC-ODS Intergovernmental Agreement No. 21-10034 A03 to increase the Agreement amount by \$85,080,000 for a total maximum amount of \$169,798,000 and extend the term of the Agreement through June 30, 2027, for an amended term of July 1, 2021, through June 30, 2027.

General

The cancellation notices received on October 25, 2024, informed BWell of the terminations and that as of January 1, 2025, DHCS will issue a new integrated contract to deliver both mental health services under the MHP and SUD services under the DMC-ODS. This integration is part of the full implementation of the CalAIM system. To close out the existing Agreements, BWell will continue to be eligible for payment for all reimbursable costs provided through the DMC-ODS agreement and amendments for accrued costs through the termination date, December 31, 2024.

The anticipated new combined agreement will modify and align SMHS and SUD services in the areas of External Quality Review Organization (EQRO), Network Adequacy Certification Tool (NACT), Cultural Competency Plans, the Access Line, provider monitoring, and will adapt from a fiscal year to a calendar year, beginning January 1, 2025.

Approval of the recommended actions will allow BWell to terminate the existing agreements and begin the implementation of the integrated care model for Medi-Cal clients. BWell will return to the BOS to authorize the new contract upon receipt from DHCS.

Fiscal Impacts:

There is no fiscal impact resulting from the Behavioral Health Administrative Integration. Core payment models and funding sources remain unchanged.

This Administrative Integration will not change the financing of Medi-Cal funded MHP or DMC-ODS behavioral health services. The core funding sources (MHSA and Realignment), funding restrictions, and payment models are not altered.

Key Contract Risks:

The risk of not accepting this termination would prevent BWell's withdraw from the existing program and entry into the early implementation of the integrated care model. Failure of the County to transfer in a timely manner may place federal Medicaid funds at risk. In the event of a disallowance or deferral of federal funds related to the allowability of funds transferred, DHCS will be held harmless from any such deferral or disallowance of federal funds, and associated federally-imposed interest if applicable. If, after conferring with the County, DHCS determines that the disallowances and deferral cannot be cured through the provision of alternate public funds, the County will be responsible for refunding the federal portion of that disallowance or deferral to DHCS.

Special Instructions:

Please email one (1) copy of the Minute Order to M. Simon-Gersuk at msimongersuk@sbcbbwell.org and one (1) copy to the BWell Contracts Division at bwelcontractsstaff@sbcbbwell.org.

Attachments:

Attachment A – Cancellation Letter DHCS SMHS Agreement No. 22-20133

Attachment B – DHCS FY 22-27 County MHP Agreement No. 22-20133 A01

Attachment C - DHCS FY 22-27 County MHP Agreement No. 22-20133 Executed

Attachment D – Cancellation Letter DHCS Intergovernmental Agreement No. 21-10034

Attachment E – DHCS DMC-ODS Intergovernmental Agreement FY 21-27 No. 21-10034 AO3

Attachment F – DHCS DMC-ODS Intergovernmental Agreement FY 21-27 No. 21-10034 AO2

Attachment G – DHCS DMC-ODS Intergovernmental Agreement FY 21-27 No. 21-10034 AO1

Attachment H – DHCS DMC-ODS Intergovernmental Agreement FY 21-27 No. 21-10034

Authored by:

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