



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

**Department Name:** Behavioral Wellness  
**Department No.:** 043  
**For Agenda Of:** July 18, 2023  
**Placement:** Administrative  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department Antonette Navarro, LMFT, Director  
Director(s) Behavioral Wellness (805) 681-5220  
Contact Info: Melissa Wilkins, MPH, CADC-II, CCPS, Branch Chief of  
Alcohol and Drug Programs, Behavioral Wellness (805) 681-5220  
**SUBJECT:** Behavioral Wellness Alcohol and Drug Program – Aegis Treatment Centers,  
LLC Drug Medi-Cal Organized Delivery System (DMC-ODS), FY 21-24  
Contract Termination and New FY 23-27 Service Contract

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**County Counsel Concurrence**

As to form: Yes

**Other Concurrence:** Risk Management

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- a) Approve and authorize the termination of the FY 21-24 Agreement for Services of Independent Contractor with **Aegis Treatment Centers, LLC** (BC 21-060) for convenience, effective June 30, 2023, due to a new FY 23-27 contract resulting from an award received from the Request for Proposals (RFP) for Narcotic Treatment Programs;
  - i. Direct the Director of the Department of Behavioral Wellness or designee to issue a letter to Aegis Treatment Centers, LLC terminating the FY 21-24 Agreement that is substantially similar to the draft provided in Attachment A;
  - ii. Delegate to the Director of the Department of Behavioral Wellness or designee the authority to take actions necessary for the winddown of the FY 21-24 Agreement, subject to the Board's ability to rescind this delegated authority at any time;
- b) Approve, ratify, and authorize the Chair to execute an Agreement for Services of Independent Contractor with **Aegis Treatment Centers, LLC**, a Delaware limited liability company (not a local vendor), for the provision of substance use disorder services, for a total Maximum Contract Amount not to exceed **\$20,073,600**, inclusive of \$5,018,400 per fiscal year, for the period of July 1, 2023 through June 30, 2027 (Attachment B);

- i. Delegate to the Director of the Department of Behavioral Wellness or designee the authority to suspend, delay, or interrupt the services under the FY 23-27 Agreement for convenience and make immaterial changes to the Agreement per Sections 20 and 26 of the Agreement, respectively; reallocate funds between funding sources with discretion per Exhibit B of the Agreement; and amend the program goals, outcomes, and measures per Exhibit E of the Agreement all without altering the Maximum Contract Amount and without requiring the Board's approval of an amendment of the Agreement, subject to the Board's ability to rescind this delegated authority at any time; and
- c) Determine that the above actions are government fiscal activities or funding mechanisms, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment and are 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) requests approval of the termination of the FY 21-24 Agreement with Aegis Treatment Centers, LLC (Aegis) effective June 30, 2023, and approval to enter into a new FY 23-27 Agreement with Aegis to provide Alcohol and Drug Program (ADP) Substance Use Disorder (SUD) services for adult clients (age 18 and over) and adolescent clients (under age 21) under the Drug Medi-Cal (DMC) Organized Delivery System (ODS). BWell also requests delegation of authority to the Director of BWell or designee to suspend, delay, or interrupt the services under the FY 23-27 Agreement for convenience and make immaterial changes to the Agreement per Sections 20 and 26 of the Agreement, respectively; reallocate funds between funding sources with discretion per Exhibit B of the Agreement; and amend the program goals, outcomes, and measures per Exhibit E of the Agreement all without altering the Maximum Contract Amount and without requiring the Board's approval of an amendment of the Agreement, subject to the Board's ability to rescind this delegated authority at any time. Approval of the recommended actions will allow Aegis to continue to provide necessary Narcotic Treatment Program (NTP)/Opioid Treatment Program (OTP) services to BWell clients.

**Background:**

BWell provides a continuum of mental health and substance use disorder services to Santa Barbara County residents, in part, through contracted providers including Community-Based Organizations (CBOs). Aegis provides NTP/OTP services to adult clients (age 18 and over) as well as adolescent clients (under age 21) with Opioid Use Disorders (OUD). These services are categorized by the American Society of Addiction Medicine (ASAM) as Opioid Treatment Services.

NTP/OTP are pharmacological and nonpharmacological treatment modalities supervised by board-certified medical doctors. NTP/OTP services include opioid agonist medications such as methadone and buprenorphine, and opioid antagonist medications such as naltrexone. NTP/OTP also includes the following service components: Assessment, Care Coordination, Clinician Consultation, Counseling (individual and group), Family Therapy, Medical Psychotherapy, Medication Services, Medication-Assisted Treatment (MAT) for OUD, MAT for Alcohol Use Disorders (AUD) and other non-opioid SUD, Peer Support, Patient Education, Recovery Services, and SUD Crisis Intervention Services counseling services, as defined in the proposed Agreement.

BWell is required by the California Department of Health Care Services (DHCS) to select providers for ADP SUD services through a competitive bidding process. BWell's previous RFP for Outpatient Treatment Services took place in 2018. In anticipation of statewide California Advancing and Innovating Medi-Cal (CalAIM) reforms, effective July 1, 2023, BWell ADP released six Requests for Proposals

(RFP) for various ADP SUD services, including Narcotic Treatment Programs, in October 2022. Aegis was selected to provide countywide NTP/OTP services for FY 2023-2027, with services to begin on July 1, 2023. Therefore, BWell requests Board approval of the termination of Aegis’ FY 21-24 contract and execution of a new FY 23-27 contract.

CalAIM Payment Reform has resulted in significant changes to the boilerplate standard contract templates and entire payment and reimbursement structure for Medi-Cal providers. Due to establishment of a new rate structure by DHCS, Medi-Cal providers have taken this opportunity to renegotiate their rates as they transition to a Fee-for-Service based payment, resulting in a higher maximum contract amount.

Approval of the recommended actions will allow Aegis to continue to provide necessary Narcotic Treatment Program (NTP)/Opioid Treatment Program (OTP) services to BWell clients.

**Performance Measures:**

The FY 23-27 Agreement contains performance measures to monitor implementation and improve staff proficiency. Program goals, outcomes, and measures can be found in Exhibit E (pages 78-79) of the Agreement.

**Performance Outcomes:**

For the first three quarters of FY 2022-23, Aegis had the following outcomes:

- Opioid Treatment Program – They served an average of 829 clients per quarter with an average of 132 discharges per quarter. They met four of their five goals. An average of 16% of clients initiated treatment with a goal of 90% or more; 100% were engaged in treatment with a goal of 85% or more; 74% were retained in treatment for over a year with a goal of 30% or more; 35% successfully completed treatment with a goal of 25% or more and for those in treatment greater than six months, 80% were abstinent of drugs (other than the prescribed narcotic replacement) with a goal of 75% or more.
- Perinatal Program – They served an average of 13 clients per quarter with an average of 3 discharges per quarter. They did not meet their two goals. An average of 20% were abstinent / drug-free births at time of discharge with a goal of 100% and 20% successfully completed treatment with a goal of 70% or more.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

<b><u>Funding Sources</u></b>	<b><u>FY 23-24 Cost:</u></b>	<b><u>FY 24-25 Cost:</u></b>	<b><u>FY 25-26 Cost:</u></b>	<b><u>FY 26-27 Cost:</u></b>	<b><u>Total FY 23-27:</u></b>
General Fund					
State	\$2,509,200	\$2,509,200	\$2,509,200	\$2,509,200	\$10,036,800
Federal	\$2,509,200	\$2,509,200	\$2,509,200	\$2,509,200	\$10,036,800
Fees					
Other:					
<b>Total</b>	<b>\$5,018,400</b>	<b>\$5,018,400</b>	<b>\$5,018,400</b>	<b>\$5,018,400</b>	<b>\$20,073,600</b>

**Narrative:**

The above-referenced contract is funded by State and Federal funds. The funding sources were included in the FY 23-24 Adopted Budget. The backdated portion of the FY 23-27 Agreement (from July 1, 2023

through July 18, 2023) will be funded by State funds. Funding for FY 24-25, FY 25-26, and FY 26-27 will be included in the department's requested budget, and will be contingent upon Board approval.

In the new Agreement, the FY 23-24 maximum contract amount is \$5,018,400, which represents approximately a 19.5% increase to the FY 23-24 maximum contract amount of \$4,200,000 in BC 21-060. DHCS' new Medi-Cal rate structure has prompted service providers to increase rates as they transition to a Fee-for-Service based payment, resulting in a higher maximum contract amount.

**Key Contract Risks:**

As with any contract funded by State and Federal sources, there is a risk of future audit disallowances and repayments. Behavioral Wellness contracts include language requiring contractors to repay any amounts disallowed in audit findings, minimizing financial risks to the County.

**Special Instructions:**

Please email one (1) complete executed Board Contract and one (1) minute order to [bethle@sbcbswell.org](mailto:bethle@sbcbswell.org) and [bwelcontractsstaff@sbcbswell.org](mailto:bwelcontractsstaff@sbcbswell.org).

**Attachments:**

Attachment A: Aegis Treatment Centers, LLC DMC-ODS FY 21-24 Termination Letter Draft  
Attachment B: Aegis Treatment Centers, LLC DMC-ODS FY 23-27 New Board Contract

**Authored by:**

Bethany Le