



SUMMARY REPORT

Agenda Date: 3/18/2025

To: County of Sonoma Board of Supervisors
Department or Agency Name(s): Department of Health Services
Staff Name and Phone Number: Jennifer Solito, 707-565-4774
Vote Requirement: 4/5th
Supervisorial District(s): Countywide

Title:
Department of Health Services Agreements

Recommended Action:

- A) Authorize Director of Health Services, or designee, delegated authority to execute agreements and/or amendments as follows:
 - i. From \$100,000 to a not to exceed amount of \$900,000, for an \$800,000 increase, for short term residential therapeutic programs providers.
 - ii. From \$627,569 to a not to exceed amount of \$1,202,569, for a \$575,000 increase, for single case agreements with mental health or substance use disorder service providers for specific clients.
 - iii. From \$826,534 to a not to exceed amount of \$1,276,534, for a \$450,000 increase, with providers serving patients not eligible for the Drug Medi-Cal Organized Delivery System residential treatment program.
 - iv. From \$1,331,970 to a not to exceed amount of \$2,031,970, for a \$700,000 increase, for Residential Care Facilities space.
- B) Authorize the Director of Health Services, or designee, to execute modifications to the agreements in this Board Item which may increase the total not-to-exceed amount in order to address increased service needs and/or will not significantly change the scopes of service, subject to available funding and review and approval by County Counsel.
- C) Approve Measure O Expenditure Categories adjustment (appropriations already in place) of \$700,000 from Mental Health and Substance Use Disorder Outpatient Services to the Behavioral Health Facilities category. (4/5th Vote Required)

Executive Summary:

The Sonoma County Department of Health Services (DHS) provides mental health and substance use disorder (SUD) services through a network of contracted providers. These services must meet state and federal regulations, including maintaining an adequate network of providers to meet the needs of clients across different demographics and geographic areas. DHS plans its resource needs in advance but may face higher-than-expected service demand.

Key contract and payment areas requiring additional delegated authority for FY 2024-2025 include:

1. **Short-Term Residential Therapeutic Programs (STRTP) Out-of-County Placements:** DHS requests an \$800,000 increase in delegated authority to accommodate placements outside of Sonoma County, due

to the new federal and state rules for children in foster care placed in STRTPs.

2. **Beneficiary Requests for Services (BRS):** Due to service needs and state mandates, DHS requires an additional \$575,000 to meet the demand for single-case contracts for adult mental health and SUD services, raising the total delegated authority to \$1.2 million.
3. **Non-DMC-ODS Residential Treatment Contracts:** The implementation of the Drug Medi-Cal Organized Delivery System (DMC-ODS) on December 1, 2024, requires DHS to seek a \$450,000 increase in delegated authority to cover costs for residential treatment services, as actual expenditures exceeded initial estimates.
4. **Increased Service Utilization at Residential Care Facilities (RCFs):** DHS requests \$700,000 more in delegated authority to address increased service demand for clients in Residential Care Facilities (RCFs)

These increases in delegated authority will help DHS provide uninterrupted care and meet the evolving needs of the community.

Discussion:

The County of Sonoma, Department of Health Services contracts with a broad range of licensed providers to provide timely access to high-quality mental health and SUD services, as well as providers of administrative and support services. Many of the Department's behavioral health service contracts are managed within a medical network of care as mandated by Federal and State regulations. Consistent with State requirements for Mental Health Plans, the County is expected to maintain an adequate network of service providers based on client need, geographic coverage, culturally-based needs, and language capabilities. The Department estimates and works to identify anticipated resource needs and client demand for services prior to the fiscal year; however, the volume of services in particular areas or with some service provider types can exceed initial estimates.

1. Contracts and Payments to Meet State Mandates or Provide Continuity of Services

Short-Term Residential Therapeutic Program (STRTP) out-of-county placements - Additional \$800,000 in delegated authority

Short-Term Residential Therapeutic Programs (STRTPs) are residential facilities that provide intensive care and supervision for children and non-minor dependents. STRTPs were established by Assembly Bill 403 in 2017, replacing group homes as the standard for intensive care and support. Presumptive Transfer, also established in 2017, outlined conditions, requirements and fiscal responsibility for children or youth in foster care who are placed outside of their county of original jurisdiction.

[Behavioral Health Information Notice 24-025 <https://www.dhcs.ca.gov/Documents/BHIN%2024-025-ACL%2024-43%20Presumptive%20Transfer%20Policy.pdf>](https://www.dhcs.ca.gov/Documents/BHIN%2024-025-ACL%2024-43%20Presumptive%20Transfer%20Policy.pdf) (effective July 1, 2024) modified the conditions and requirements for Presumptive Transfer when a child or youth in foster care is placed in certain out-of-county residential settings, such as STRTPs. Effective July 1, 2024, when a child or youth is placed outside of their county of original jurisdiction into an STRTP, the responsibility to provide or arrange and pay for Specialty Mental Health Services shall remain with the Mental Health Plan in the county of original jurisdiction.

For a variety of reasons including lack of capacity, it is sometimes necessary to place Sonoma County clients in STRTPs located outside of Sonoma County. As a result of Behavioral Health Information Notice 24-025, it is now necessary for DHS to enter into contracts with providers of these out-of-county STRTP services. The Department requests an increase of delegated authority of \$800,000. Increased delegated authority is

needed because an individual contract may exceed the current Board Approved delegated authority threshold of \$100,000. All of these contracts are developed on a case-by-case basis dictated by specific client need which can vary greatly in service type and duration. Given this, DHS does not know and is unable to provide the names of the individual STRTP contractors at this time.

Beneficiary Requests for Service (BRS) - Additional \$575,000 in delegated authority

Due to several State requirements, it is sometimes necessary for DHS to enter into single case agreements (contracts/agreements that specifically relate to only one identified client that is provided services under the contract), with mental health or substance use disorder service providers based on specific client needs or requests. This can be due to conditions such as lack of network capacity or the need to maintain continuity of care. For many years, DHS has obtained appropriations and delegated authority to enter into contracts based on these Beneficiary Requests for Services (BRSs) for adults, youth and, more recently, Substance Use Disorder services.

On July 16, 2024, the Board authorized \$327,569 in delegated authority for Adult BRSs and \$300,000 for Substance Use Disorder BRSs. Based on the activity of the current fiscal year, it has been estimated that an additional \$375,000 in delegated authority is required to meet the anticipated need for Adult BRSs in Fiscal Year 2024-2025. Additionally, based on a number of factors, including additional mandates related to Drug-Medi-Cal Organized System Delivery (DMC-ODS) implementation (which began 12/1/24), it has been estimated that an additional \$200,000 in delegated authority is required to meet the anticipated need for Substance Use Disorder BRSs in Fiscal Year 2024-2025. Total additional delegated authority requested for Fiscal Year 2024-2025 is \$575,000, which will bring the total delegated authority to \$1,202,569.

Delegated authority is needed because, in some cases, an individual contract may exceed the delegated authority threshold of \$100,000. Because these contracts are done on a case-by-case basis and dictated by specific client needs, the specific vendors are identified at the time of service needs. As such, DHS is unable to provide the names of the individual BRS contractors at this time. The flexibility provided by delegated authority will allow DHS to move funds between the Adult, Youth, and Substance Use Disorder BRS categories as the need arises during the fiscal year.

2. Non-Drug Medi-Cal Organized Delivery System (DMC-ODS) residential treatment contract increases - Additional \$450,000 in delegated authority

On December 1, 2024, Sonoma County became a Drug Medi-Cal Organized Delivery System (DMC-ODS) county, allowing DHS to bill Drug Medi-Cal for Substance Use Disorder residential treatment services. Prior to this time, these services were not eligible for DMC billing, which includes reimbursement through Federal Financial Participation (FFP) and State General Fund (SGF) monies. With the implementation of DMC-ODS, DHS was able to enter into DMC-ODS contracts with four service providers for Substance Use Disorder residential treatment services. Non-DMC-ODS contracts were and are necessary to cover services occurring prior to 12/1/24 and for services to Non-DMC eligible clients occurring after 12/1/24. The contract maximums for these Non-DMC-ODS contracts were set based on estimated expenditures from July through November 2024 (prior to DMC-ODS) and anticipated expenditures from December 2024 through June 2025 (post DMC-ODS implementation).

On July 16, 2024, the Board authorized appropriations and delegated authority for residential service contracts with Women's Recovery Services and Buckelew Programs. On November 12, 2024, the Board approved the re-allocation of existing residential treatment appropriations for the new DMC-ODS residential treatment contracts. The actual Non-DMC-ODS expenditures from July through November 2024 exceeded the

estimates that had been used to set the contract maximums. New analysis indicates that additional delegated authority is needed in order to provide services needed by clients. Total contract costs are financed with a combination of 2011 Realignment; Measure O; the federal Substance Use Prevention, Treatment, and Recovery Services Block Grant (SUBG); memoranda of understanding with the Sonoma County Probation and Human Services Departments; and court fines. The following contract changes are recommended:

Contractor	Current Contract Maximum	Recommended Increase	Recommended New Contract Maximum
Women’s Recovery Services	\$432,181	\$185,000	\$617,181
Bucklew Programs (Athena House)	\$394,353	\$265,000	\$659,353

3. Increased Service Utilization at Residential Care Facilities (RCFs) - Additional \$700,000 in delegated authority and authorization to transfer \$700,000 from the Measure O Mental Health and Substance Use Disorder Outpatient Services category to the Behavioral Health Facilities category

Based on individual client need, it is often necessary to place Sonoma County behavioral health clients in Residential Care Facilities (RCFs), which provide augmented services in a residential setting. These clients are often on Lanternman-Petris-Short (LPS) conservatorships, a court-ordered legal arrangement that provides for the care of a person who is deemed "gravely disabled" due to a mental illness. For clients who are not conserved, placement at an RCF often helps to stabilize the client and prevent them from needing to be conserved in the future.

On July 16, 2024, the Board authorized appropriations and delegated authority for residential service contracts with A&A Health Services San Pablo and Sunset Gardens. Due to increased actual and projected service utilization, DHS is seeking to increase the maximum payment obligation of A&A Health Services San Pablo and Eden Relota dba Sunset Gardens. DHS requests an increase in delegated authority of \$450,000 for AAHS San Pablo and \$250,000 for Sunset Gardens. Additional appropriations are not required for these contract increases. If approved by the Board, DHS will utilize \$700,000 in existing appropriations by moving these funds from the Measure O Mental Health & Substance Use Disorder Outpatient Services category to the Behavioral Health Facilities category.

Contractor	Current Contract Maximum	Recommend to Increase Delegated Authority	Recommended New Contract Maximum
A&A Health Services San Pablo	\$3,391,200	\$450,000	\$3,841,200
Eden Relota dba Sunset Gardens	\$604,710	\$250,000	\$854,710

Strategic Plan:

This item directly supports the County’s Five-year Strategic Plan and is aligned with the following pillar, goal, and objective.

Pillar: Healthy and Safe Communities

Goal: Goal 1: Expand integrated system of care to address gaps in services to the County’s most vulnerable.

Objective: Objective 2: Identify gaps in the Safety Net system of services and identify areas where departments can address those gaps directly, and seek guidance from the Board when additional resources and/or policy direction is needed.

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

On July 16, 2024, the Board authorized the Director of the Department of Health Services or designee, to execute Behavioral Health placement and service agreements and/or amendments for Fiscal Year 2024-2025 of up to \$71,983,894 that will end June 30, 2025, and up to \$66,110,749 for certain multi-year contracts ending no later than June 30, 2029 and contingent on the approval of future fiscal years’ funding availability.

On November 12, 2024, the Board authorized the Director of Health Services, or designee, to execute four Drug Medi-Cal Organized Delivery System Substance Use Disorder Residential Treatment services agreements for the period of December 1, 2024, through June 30, 2025, for a total amount not to exceed \$4,802,237; and, authorize the Director of Health Services, or designee, to execute modifications thereto which do not significantly change the scopes of service to each contract in order to program unanticipated revenues and/or to increase the total not-to-exceed amount in order to address increased service needs through June 30, 2025, subject to available funding and review and approval by County Counsel. The Board also authorized the Director of Health Services, or designee, to execute an agreement with Drug Abuse Alternatives Center for Non-Drug Medi-Cal Organized Delivery System Substance Use Disorder Residential Treatment services for the period of December 1, 2024, through June 30, 2025, for a total amount not to exceed \$178,161; and, authorize the Director of Health Services, or designee, to execute modifications thereto which do not significantly change the scopes of service to each contract in order to program unanticipated revenues and/or to increase the total not-to-exceed amount in order to address increased service needs through June 30, 2025, subject to available funding and review and approval by County Counsel.

FISCAL SUMMARY

Expenditures	FY24-25 Adopted	FY25-26 Projected	FY26-27 Projected
Budgeted Expenses	\$2,525,000		
Additional Appropriation Requested			
Total Expenditures	\$2,525,000		
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance	\$2,525,000		

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General Fund Contingencies			
Total Sources	\$2,525,000		

Narrative Explanation of Fiscal Impacts:

DHS is requesting \$2,525,000 in additional delegated authority for Fiscal Year 2024-2025 from Measure O funds. The breakdown of expenditures is available in Attachment 1. The requested contracts included in this item are outlined in Attachment 1. Existing FY 24-25 appropriations are available from contracts that were originally budgeted that have not and will not be executed within the current fiscal year. This is due to the timing of the Measure O NOFA and the awardees that were selected on 1/22/2025.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

- Attachment 1 - Existing and Requested Delegated Authority
- Attachment 2 - Women’s Recovery Services Amendment
- Attachment 3 - Buckelew Programs Amendment
- Attachment 4 - A&A San Pablo Amendment
- Attachment 5 - Eden Relota dba Sunset Gardens Amendment

Related Items “On File” with the Clerk of the Board:

None