



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 7/8/2025

To: County of Sonoma Board of Supervisors

Department or Agency Name(s): Department of Health Services

Staff Name and Phone Number: Nolan Sullivan, 707-565-4774; Leah Benz, 707-565-6614

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Department of Health Services Delegated Authority for Service Agreements

Recommended Action:

- A) Authorize the Director of the Department of Health Services, or designee, to execute Behavioral Health agreements and/or amendments, subject to review and approval as to form by County Counsel, for Fiscal Year 2025-2026 of up to \$91,716,330, and up to \$96,139,962 for the future years of multi-year contracts, ending no later than March 18, 2029. All agreements are contingent on the approval of future fiscal years funding availability.
- B) Authorize the Director of the Department of Health Services, or designee, to execute an agreement with Santa Rosa Behavioral Healthcare Hospital, subject to review and approval as to form by County Counsel, for reimbursement of associated administrative costs incurred by the County for the term of July 1, 2025 through June 30, 2026, resulting in revenue to the Department of Health Services of \$250,000.
- C) Authorize the Director of Health Services, or designee, to execute modifications to the agreements in this Board Item which do not significantly change the scopes of service in order to address increased service needs, subject to available funding and approval by County Counsel.

Executive Summary:

The Sonoma County Department of Health Services (hereinafter, "DHS" or "the Department") contracts with a broad range of providers for mental health, substance use disorder, and Behavioral Health administrative services.

Given limited statewide Behavioral Health system capacity and to deliver timely access to services, the Health Service Director requests authority to execute agreements to secure commitments of placement capacity and support services from community-based organizations and fee-for-services behavioral healthcare providers including specialized Behavioral Health professional staffing services.

This item requests that the Board delegate authority of up to \$91,716,330 to the Director of Health Services for the aforesaid contracts in FY 2025-2026 and a total of \$96,139,962 for the future years of multi-year contracts, primarily for data system, client placement, and specialized staffing services.

Contractors of the DHS Behavioral Health division are chosen based on Sonoma County's procurement policies, and contractual agreements will be reviewed by Counsel before execution and will include terms that

adhere to Board-approved [Safety Net Contracting Principles <https://sonomacounty.ca.gov/administrative-support-and-fiscal-services/board-of-supervisors/about-the-board/board-rules-of-procedures/appendix-d>](https://sonomacounty.ca.gov/administrative-support-and-fiscal-services/board-of-supervisors/about-the-board/board-rules-of-procedures/appendix-d) and/or state/federal funding requirements.

In addition, DHS is seeking authority to receive revenue of \$250,000 from Santa Rosa Behavioral Healthcare Hospital (SRBHH), formerly known as, Aurora Behavioral Healthcare Hospital), for services provided by the County to SRBHH clients whose primary residence is outside of Sonoma County. In consideration of these associated costs, SRBHH will reimburse the County with an administrative fee in the amount of \$250,000 for Fiscal Year 2025-2026.

All DHS Behavioral Health Division contractors will be subject to audits by DHS' Fiscal Internal Audit team to ensure compliance with regulatory guidelines associated with Federal and State funding in addition to oversight from the County's Single Audit procedures by the Auditor Controller Treasurer Tax Collector Department.

In FY 2024-2025, a total of \$71,983,894 for single-year contracts, and \$66,110,749 for multi-year contracts ending no later than June 30, 2029 was also requested to be delegated for same group of services.

Discussion:

Recommended Action A

The Fiscal Year 2025-2026 Behavioral Health Division budget includes appropriations for contract costs across seven (7) categories of contractual expenditures.

1. Behavioral Health Administrative Expenses
2. Behavioral Health Services Expenses
3. Beneficiary Request for Service (BRS) Expenses
4. Long Term Care/Residential Care Facilities (LTC/RCF) Expenses
5. Mental Health Services Act (MHSA) Expenses
6. Specialty Mental Health Services (SMHS) Expenses
7. Substance Use Disorder Services (SUDS) Expenses

The request in Action A is for delegated authority to execute and/or amend agreements for FY 2025-2026 of up to \$91,716,330, and up to \$96,139,962 for future years of multi-year contracts. All multi-year contracts will end by June 30, 2028, except for one seven-year contract for Electronic Health Records through the California Mental Health Services Authority that was executed in 2022.

For additional details, see Attachment 1 - Requested Delegated Authority by Contractual Expenditure Category and Provider, Attachment 2 - FY 2025-2026 Procurement Status and Revenue Sources by Contract, and Attachment 3 for a listing of Behavioral Health acronyms and glossary of terms.

Behavioral Health Administrative Services - \$2,121,807 and \$3,637,416 for future years

For FY 2025-2026, DHS needs to contract for administrative services to utilize expertise not available internally, which includes services such as infotech support for the Electronic Health Record systems and patient rights review and advocacy (Mental Health Association of Alameda County).

Behavioral Health Services - \$26,942,616 and \$28,598,096 for future years

Each year, the Department implements outreach, prevention, mental health, and substance disorder services to over 15,000 clients. The contracts in this expenditure category cover a wide variety of services, including temporary clinical staffing, inpatient hospitalization, the psychiatric health facility, crisis residential units, and mental health services for students.

Beneficiary Requests for Service (BRS) - \$1,361,000

Under current regulations, Medi-Cal beneficiaries receiving specialty mental health services from county mental health plans have the right to make certain requests for services. There are two types of Beneficiary Requests for Service:

- Continuity of Care - The California Department of Health Care Services states that “beneficiaries with pre-existing provider relationships who make a continuity of care request to the county mental health plan must be given the option to continue treatment for up to 12 months with an out-of-network Medi-Cal provider.”
- Extended Network Provider - If the Department is unable to provide necessary services, the Department will find an Extended Network Provider who can deliver the services to the beneficiary.

The authority requested for FY 2025-2026 is \$311,000 for Adults, \$750,000 for Youth, and \$300,000 for Substance Use Disorder clients. Depending on individual client case management treatment plans, having preemptive delegated authority to engage services allows staff to remain flexible and deliver timely access to services, especially in cases where there is a high risk of loss of life. Most of the yet-to-be engaged services will be deemed sole-source due to sensitivity and specificity of the need of individual clients and as a result of the limited capacity within the group of contracted Behavioral Health providers.

Long-Term Care/Residential Care Facilities - \$19,160,922 and \$18,437,520 for future years

While Long-Term Care (LTC) services tend to be provided in larger institutional settings compared to the smaller, community-based Residential Care Facilities (RCF) services, both LTC and RCF services are purchased for a specific individual client based on the client’s unique needs. The Department selects a vendor for each client according to the vendor’s ability to meet the client’s needs, expectations, and availability. As such, services are purchased at the rate offered by the LTC/RCF provider. Demand for LTC and RCF services far outpaces bed availability at these facilities within the county.

This is mitigated through multi-year agreements which secure capacity with LTC facilities such as Creekside Rehabilitation & Behavioral Health, and Telecare Corporation, and with RCFs, providers include Sunset Gardens, Community Support Network, and Davis Guest Home.

Mental Health Services Act (MHSA) - \$4,364,844 and \$1,434,354 for future years

Introduced through Proposition 63 in 2004, the MHSA addressed a broad continuum of prevention, early intervention, and service needs and the necessary infrastructure, technology, and training elements that effectively support the public behavioral health system. Also known as the Millionaire’s Tax, a 1% income tax is levied on California residents with a personal income exceeding \$1 million. In Sonoma County, the proceeds of MHSA are distributed via Requests for Proposals (RFP) and/or Notices of Funding Availability (NOFA) to contractors as varied as educational institutions (Santa Rosa Junior College), Latino/a vendors (Latino Services Providers), and even fellow County departments (Human Services Department). On [May 6, 2025](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=7357460&GUID=0C681C1B-A0FB-4FAC-AA1A-312489A052AA&Options=&Search=>) [<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=7357460&GUID=0C681C1B-A0FB-4FAC-AA1A-312489A052AA&Options=&Search=>](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=7357460&GUID=0C681C1B-A0FB-4FAC-AA1A-312489A052AA&Options=&Search=>), this Board adopted the FY 2025-2026 MHSA Expenditure Plan (

<http://bit.ly/44FyEY0>) that includes the MHSA contracts referenced in this item (begins on page 63 of the report).

The passage of Proposition 1 in 2024 will bring significant changes to MHSA funding at DHS in FY 2026-2027, transferring funding from its Behavioral Health division to its Homelessness Services division. DHS is in the middle of intensive planning for this change and will return to the Board with the County's Integrated Plan for these services by March of 2026.

Specialty Mental Health Services (SMHS) Expenses - \$16,563,573 and \$6,050,000 for future years

The County is mandated by the California Department of Health Care Services (DHCS) to provide Specialty Mental Health Services through a state-approved Mental Health Plan at the County level. The Department has partnered with a number of community-based non-profit organizations such as Alternative Family Services, Buckelew Programs, Community Support Network, Progress Foundation, and Psynergy, as well as larger organizations like the Seneca Family of Agencies and Telecare Corporation, to provide critical behavioral health treatment services.

The Department enters into multiple agreements with agencies that provide specialty mental health to the County's youth in foster care. These providers are approved and referred by the Sonoma County Human Services Department. Under Sonoma County's Mental Health Plan, DHS is mandated to pay for any specialty mental health services that are provided to foster youth while they are in a provider's care. The Department utilizes approved Single Source Waivers in order to maintain continuity of services. Continuity of care is a requirement of our contract with the State Department of Healthcare Services (DHCS). Moreover, current regulations require that any significant change to the provider network must be reported to DHCS, for their assessment of potential financial sanctions against the County for failure to maintain an adequate network of care. Additionally, provision of Behavioral Healthcare requires an agency to obtain specialized certification with DHCS, a process which can take up to 6 months when engaging a new provider on the network. Delays in service provision would lead to negative clinical outcomes for our clients, including an increase in expensive hospitalizations, and a potential increase in homelessness. Thus, disruption in continuity of care would be both clinically damaging to the client, and financially damaging to the County.

This expenditure category also includes contracts for out-of-county placements at Short-Term Residential Therapeutic Programs (STRTPs); these are residential facilities that provide intensive care and supervision for children and non-minor dependents. For a variety of reasons including lack of local capacity and particular services required for a client, 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](https://www.dhcs.ca.gov/provgovpart/Pages/2024-BH-Information-Notices.aspx) <https://www.dhcs.ca.gov/provgovpart/Pages/2024-BH-Information-Notices.aspx>, it is now necessary for DHS to enter into contracts with providers of these out-of-county STRTP services. The Department requests delegated authority in the amount of \$800,000 for these contracts, which are developed on a case-by-case basis dictated by specific client needs, 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.

Substance Use Disorder Services (SUDS) Expenses - \$21,201,568 and \$37,982,576 for future years

Program expenses for SUDS will be spent primarily on the medically necessary treatment of clients afflicted with drug addiction and other substance use disorders. SUDS treatments in the Drug Medi-Cal program include Outpatient Drug Free services, Intensive Outpatient Treatment services, and perinatal residential services. DHS will contract with providers such as Drug Abuse Alternatives Center, Santa Rosa Treatment

Program, West County Community Services, West County Health Centers, and Women’s Recovery Services.

Recommended Action B

Santa Rosa Behavioral Healthcare Hospital (SRBHH) provides inpatient psychiatric hospitalization for Medi-Cal clients under the age of 21 and over 65. DHS contracts with SRBHH to provide inpatient hospitalization and associated psychiatric professional fees for Medi-Cal Mental Health Plan clients who fall those age groups. SRBHH clients needing acute inpatient psychiatric hospitalization and having a residence outside of Sonoma County may require services provided by the County. For the County to be reimbursed by SRBHH for these costs, DHS is requesting approval to enter into an agreement with SRBHH. In consideration of the associated costs, SRBHH will reimburse the County with an administrative fee in the amount of \$250,000 for Fiscal Year 2025-2026.

Recommended Action C

While the Department attempts to project service contract expenditures, various factors may result in the need to adjust individual contract amounts. Factors include, but are not limited to fluctuations in service utilization, new regulations or requirements, cost or rate increases, or other changes out of the control of the department. The delegated authority in this item includes the ability to modify contracts in order to shift money from one contract to another within the outlined \$91,716,330 for FY 2025-2026 contracts, and up to \$96,139,962 for the multi-year contracts.

Strategic Plan:

None

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

No

Prior Board Actions:

The Board annually authorizes the Director of Health Services, or designee, to execute agreements for mental health and substance use disorder services and support services agreements for behavioral health services.

Most recently, 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, subject to review and approval as to form by County Counsel, 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

FISCAL SUMMARY

Expenditures	FY 25-26 Adopted	FY 26-29 Projected
Budgeted Expenses	\$91,716,330	\$96,139,962
Additional Appropriation Requested		
Total Expenditures	\$91,716,330	\$96,139,962
Funding Sources		
General Fund/WA GF	\$2,629,989	\$2,756,838

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State/Federal	\$69,238,864	\$75,578,370
Fees/Other	\$19,847,477	\$20,804,754
Use of Fund Balance		
General Fund Contingencies		
Total Sources	\$91,716,330	\$96,139,962

Narrative Explanation of Fiscal Impacts:

The Fiscal Year 2025-2026 budget includes \$91,716,330 for service provider contracts (including treatment services) and support services contracts. The funding sources for the contracts are as follows:

Source	FY 25-26	FY 26-29
Federal Financial Participation (FFP)	\$25,478,767	\$26,707,651
Federal Grant Funding	\$2,285,141	\$2,395,357
State Grant Funding	\$4,271,242	\$4,477,251
Mental Health Services Act (MHSA)	\$13,129,157	\$13,762,398
Measure-O	\$19,340,653	\$20,273,485
General Fund	\$2,629,989	\$2,756,838
Realignment	\$24,074,557	\$25,235,713
Memorandum of Understanding (MOU)	\$506,824	\$531,269
Total	\$91,716,330	\$96,139,962

For a detailed breakdown of funding sources by contract, see Attachment 2.

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 - Requested Delegated Authority by Contractual Expenditure Category and Provider

Attachment 2 - FY 2025-2026 Procurement Status and Revenue Sources by Contract

Attachment 3 - Behavioral Health Acronyms and Glossary

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

None