



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 6/2/2026

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; Jan Cobaleda-Kegler, 707-565-5157

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Department of Health Services Delegated Authority for Agreements

Recommended Action:

- A) Authorize the Director of Health Services, or designee, to execute Behavioral Health agreements and/or amendments, subject to review and approval as to form by County Counsel, that have a total value up to \$289,034,194.44 and that include \$105,317,416 for Fiscal Year 2026-2027. All multi-year agreements are contingent on the approval of future fiscal years funding and 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, 2026 through June 30, 2027, 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, payment or reimbursement methodologies, subject to available funding and approval by County Counsel.

Executive Summary:

The Department of Health Services contracts with a network of community-based organizations and fee-for-service providers to deliver behavioral health, housing and homelessness support, and other wraparound public health services, including mental health treatment, substance use recovery programs, and housing assistance.

Given limited statewide behavioral health system capacity and the need to ensure timely access to services, the Health Services Director requests Board authority to execute agreements securing placement capacity and support services from community-based organizations and specialized behavioral health providers, including professional staffing services.

Specifically, this item consolidates prior and current contract periods into a delegated authority request for streamlined tracking, administration, and reporting by asking the Board to delegate DHS contracting authority to execute agreements that have a total value of up to \$289,034,194.44. These agreements are multiyear agreements, some of which are already in place. As outlined in Attachment 1, this total includes \$112,150,746

from prior years, \$105,317,416 for FY 2026-2027, and \$71,566,033 for the future years of these multi-year contracts. All contracts will have been properly agreed to according to Sonoma County procurement policies, reviewed by County Counsel prior to execution, and structured to comply with Board-approved Safety Net Contracting Principles and applicable state and federal funding requirements.

Discussion:

Recommended Action A

The Fiscal Year 2026-2027 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. Behavioral Health Services Act (BHSA) 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 up to \$289,034,194.44 as outlined in Attachment 1. This amount includes \$105,317,416 for FY 2026-2027, up to \$71,566,033 for future years of multi-year contracts, and \$112,150,746 from prior years. All multi-year contracts will end by June 30, 2031. This item consolidates prior and current contract periods into a delegated authority request for streamlined tracking, administration, and reporting purposes.

For additional details, see Attachment 1 - Requested Delegated Authority by Contractual Expenditure Category and Provider, Attachment 2 - Procurement Status and Revenue Sources by Contract, Attachment 3 for a listing of Behavioral Health Acronyms and Glossary of Terms, and Attachment 4 for Procurement Details for FY 2026-2027 Contracting.

Behavioral Health Administrative Services - \$2,846,193 for FY 2026-2027 and \$2,360,379 for future years

DHS contracts for administrative services and technologies to utilize expertise and capacities not available internally, which includes services such as information technology support for the Electronic Health Record systems and patient rights review and advocacy.

Behavioral Health Services - \$31,760,571 for FY 2026-2027 and \$15,845,061 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) - \$1,216,124 for FY 2026-2027

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.

Depending on individual client case management treatment plans, having preemptive delegated authority to engage services allows Department 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 needs of individual clients and as a result of the limited capacity within the group of existing staff and contracted Behavioral Health providers.

Long-Term Care/Residential Care Facilities - \$19,873,402 for FY 2026-2027

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. 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.

Behavioral Health Services Act (BHSA) - \$4,153,696 for FY 2026-2027 and \$7,915,570 for future years

The Behavioral Health Services Act (BHSA), originally established by Proposition 63, was reformed through Proposition 1 in 2024 to modernize California’s approach to behavioral health funding and service delivery. BHSA continues to be funded by a 1% income tax on California residents with personal incomes over \$1 million. The updated BHSA places a stronger emphasis on addressing homelessness, housing interventions, and services for individuals with the most significant behavioral health needs, while continuing to support prevention, early intervention, treatment services, and the infrastructure, workforce, and technology necessary to operate an effective public behavioral health system.

In Sonoma County, BHSA funds are administered in alignment with state requirements and local priorities, with a portion of funding distributed through Requests for Proposals (RFPs) and Notices of Funding Availability (NOFAs) to community-based organizations and service providers.

Specialty Mental Health Services (SMHS) Expenses - \$21,118,106 for FY 2026-2027 and \$23,248,471 for future years

Under a mandate from the California Department of Health Care Services (DHCS), the County is required to provide Specialty Mental Health Services through a state-approved Mental Health Plan. To fulfill this obligation, the Department has partnered with a range of community-based nonprofit organizations and larger providers to deliver critical behavioral health treatment services.

A significant portion of these partnerships support foster youth in Sonoma County. Providers serving this population are approved and referred through the Sonoma County Human Services Department, and under the County's Mental Health Plan, DHS is required to cover specialty mental health services for foster youth in their care. To maintain continuity of care, which is itself a contractual obligation under the County's agreement with DHCS, the Department relies on approved Single Source Waivers.

Continuity of care is not merely a formality. Current regulations require that any significant changes to the provider network be reported to DHCS, which retains the authority to impose financial sanctions if it determines the network is inadequate. Further complicating provider transitions, Behavioral Healthcare agencies must obtain specialized DHCS certification before joining the network, a process that can take up to six months. Any gap in services carries serious consequences: for clients, the risks include negative clinical outcomes, increased hospitalizations, and potential homelessness; for the County, the result is avoidable financial liability. An uninterrupted network of care is therefore both a clinical and a fiscal imperative.

This expenditure category also covers contracts for out-of-county placements at Short-Term Residential Therapeutic Programs (STRTPs), residential facilities providing intensive care and supervision for children and non-minor dependents. When local capacity is insufficient or a client requires specialized services unavailable within the County, an out-of-county placement may be necessary. Following the issuance of Behavioral Health Information Notice 24-025, DHS is now required to formalize these arrangements through contracts with out-of-county STRTP providers.

Substance Use Disorder Services (SUDS) Expenses - \$24,349,324 for FY 2026-2027 and \$22,196,552 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.

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 into 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 2026-2027.

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 execute modifications which do not significantly change the scopes of service in order to address increased service needs, payment or reimbursement methodologies, subject to available funding and approval by County Counsel.

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 3: Create a “no wrong door” approach where clients who need services across multiple departments and programs are able to access the array of services needed regardless of where they enter the system.

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 8, 2025, the Board authorized the Director of the Department of Health Services, or designee, (1) to execute Behavioral Health agreements and/or amendments, 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; (2) to execute an agreement with Santa Rosa Behavioral Healthcare Hospital 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; and (3) 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.

FISCAL SUMMARY

Expenditures	FY 26-27 Recommended	FY 27-31 Projected
Budgeted Expenses	\$105,317,416	\$71,566,033
Additional Appropriation Requested		
Total Expenditures	\$105,317,416	\$71,566,033
Funding Sources		
General Fund/WA GF	\$2,135,819	\$192,825
State/Federal	\$77,664,788	\$53,722,614
Fees/Other	\$25,616,809	\$17,650,591
Use of Fund Balance		
Contingencies		
Total Sources	\$105,317,416	\$71,566,033

Narrative Explanation of Fiscal Impacts:

The Fiscal Year 2026-2027 budget includes \$105,317,416 for agreements with service providers, including treatment services, and support services contracts. The requested delegated authority reflects both single-year contracts for FY 2026-2027 and multi-year contracts extending through FY 2030-2031. Most multi-year contracts are anticipated to end prior to FY 2030-2031, and any potential renewals for FY 2027-2028 through FY 2030-2031 are not included in the requested authority. Similarly, any potential renewals of single-year

contracts in future fiscal years are also excluded from this request.

The funding sources for the contracts are as follows:

Source	FY 2026-2027	FY 2027-2031
Federal Financial Participation (FFP)	\$36,123,878	\$24,987,208
Federal Grant Funding	\$2,476,358	\$1,712,957
State Funding (includes grants)	\$9,379,207	\$6,487,825
Behavioral Health Services Act (BHSA)	\$ 11,969,065	\$8,279,292
Measure-O	\$24,330,221	\$16,829,802
General Fund	\$2,135,819	\$192,825
2011 Realignment, 1991 Mental Health Realignment	\$17,716,280	\$12,254,780
Various Memorandum of Understanding (MOU)	\$1,186,588	\$820,792
Total	\$105,317,416	\$71,566,033

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

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

Attachment 1 - Delegated Authority Request Contract List

Attachment 2 - Delegated Authority Procurement and Funding

Attachment 3 - Behavioral Health Acronym List and Glossary of Terms

Attachment 4 - Procurement Details for FY 2026-2027 Contracting

Related Items "On File" with the Clerk of the Board:

None